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ABSTRACT

These congressional hearings contain testimony given in Washington, D.C., in June 1981 pertaining to seven bills dealing with new educational assistance programs for military recruitment (H.R. 1400, H.R. 2579, H.R. 2399, H.R. 2790, H.R. 3340, H.R. 3713, and H.R. 3997). Included among those agencies/organizations represented at the hearings were the following: the Navy Recruiting Command; Seneca Valley High School in Germantown, Maryland; the National Association for Uniformed Services; the Army Reserve; the Air Force Association; the Air National Guard; T. C. Williams High School in Alexandria, Virginia; the Enlisted Career Planning Branch of the Marine Corps; the Department of Veterans' Benefits of the Veterans' Administration; the National Technical Schools of Los Angeles; the National Guard Association; the United States Air Force; the Des Moines District Recruiting Command; the National Military Wives' Association; the Navy League; the National Farmers' Union; the Reserve Officers' Association of the United States; and the American Association of Community and Junior Colleges. (Texts of the above-mentioned bills are included in the hearings. (MN)

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[H.A.S.C. No. 97-45]

NEW EDUCATIONAL ASSISTANCE PROGRAM FOR THE MILITARY TO ASSIST RECRUITING

HEARINGS

BEFORE THE

MILITARY PERSONNEL AND COMPENSATION SUBCOMMITTEE

OF THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

NINETY-SEVENTH CONGRESS

FIRST AND SECOND SESSIONS

JUNE 24, SEPTEMBER 10, 16, 17, 24, 30, OCTOBER 1, 7, 21, 28, NOVEMBER 17, 1981, AND MARCH 11, 1982

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[2] Appointed to subcommittee Oct. 22, 1981.

I

97TH CONGRESS
1ST SESSION

H.R. 1400

To amend title 38, United States Code, to establish new educational assistance programs for veterans and for members of the Armed Forces.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 28, 1981

Mr. MONTGOMERY (for himself, Mr. HAMMERSCHMIDT, Mr. WHITE, Mrs. HOLT, Mr. AuCOIN, and Mr. HARTNETT) introduced the following bill; which was referred jointly to the Committees on Veterans' Affairs and Armed Services

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A BILL

To amend title 38, United States Code, to establish new educational assistance programs for veterans and for members of the Armed Forces.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Veterans' Educational Assistance Act of 1981".

NEW EDUCATIONAL ASSISTANCE PROGRAM

SEC. 2. (a) Title 38, United States Code, is amended by inserting before chapter 31 the following new chapter:

"CHAPTER 30—ALL VOLUNTEER FORCE EDUCATIONAL ASSISTANCE PROGRAM

"SUBCHAPTER I—PURPOSES; DEFINITIONS

"Sec.
"1401. Purposes.
"1402. Definitions.

"SUBCHAPTER II—BASIC EDUCATIONAL ASSISTANCE

"1411. Basic educational assistance for service on active duty.
"1412. Basic educational assistance entitlement for service in the Selected Reserve and National Guard.
"1413. Duration of basic educational assistance.
"1414. Payment of basic educational assistance.
"1415. Amount of basic educational assistance.
"1416. Early enrollment in a program of education.

"SUBCHAPTER III—SUPPLEMENTAL EDUCATIONAL ASSISTANCE

"1421. Supplemental educational assistance for additional service.
"1422. Amount of supplemental educational assistance.
"1423. Authorization for additional assistance for members with critical specialties.
"1424. Payment of supplemental educational assistance and additional educational assistance under this subchapter.

"SUBCHAPTER IV—AUTHORITY TO ALLOW TRANSFER OF ENTITLEMENT TO DEPENDENTS

"1431. Authority to allow members of the Armed Forces with critical specialties to transfer entitlement to dependents.
"1432. Regulations.
"1433. Status of dependents to whom entitlement is transferred.
"1434. Definition.

"SUBCHAPTER V—PRESERVICE EDUCATIONAL ASSISTANCE PROGRAM

"1441. Authority to enter into agreements.
"1442. Preservice educational assistance agreements.
"1443. Eligibility for preservice educational assistance.
"1444. Limitation on amount of educational assistance.
"1445. Amount of obligated service.
"1446. Status of individual before obligated service is performed.
"1447. Regulations.

"SUBCHAPTER VI—PERIODS FOR USE OF ENTITLEMENT; GENERAL AND ADMINISTRATIVE PROVISIONS

"1451. Time limitation for use of entitlement.
"1452. Limitation on educational assistance for individuals being furnished subsistence.

"1453. Individuals with entitlement under chapter 34 or 35 of this title.
"1454. Program administration.
"1455. Allocation of administration and of program costs.
"1456. Predischarge counseling requirement.
"1457. Reporting requirement.

"SUBCHAPTER I—PURPOSES; DEFINITIONS

"§ 1401. Purposes

"The purposes of this chapter are—

"(1) to provide an improved educational assistance program to assist in the readjustment of members of the Armed Forces after their separation from military service;

"(2) to promote and assist the All-Volunteer Force program and the Total Force Concept of the United States Armed Forces by establishing an improved program of educational assistance for service on active duty and in the Selected Reserve and National Guard to aid in the recruitment and retention of highly qualified personnel for both the Active and Reserve components of the Armed Forces; and

"(3) to give special emphasis to providing educational assistance benefits to aid in the retention of personnel in the Armed Forces who have skills in critical specialties in which there are serious shortages of personnel in the Armed Forces.

"§ 1402. Definitions

"For the purposes of this chapter:

"(1) The term 'basic educational assistance' means educational assistance provided under subchapter II of this chapter.

"(2) The term 'supplemental educational assistance' means educational assistance provided under subchapter III of this chapter.

"(3) The term 'preservice educational assistance' means educational assistance provided under subchapter V of this chapter.

"(4) The term 'program of education' has the meaning given such term in section 1652(b) of this title.

"(5) The term 'Armed Forces' means the Army, Navy, Air Force, and Marine Corps, including the Reserve components thereof.

"(6) The term 'Selected Reserve' means the Selected Reserve of the Ready Reserve of any of the Reserve components (including the Army National Guard of the United States and the Air National Guard of the United States) of the Armed Forces, as required to be maintained under section 268(b) of title 10.

"(7) The term 'active duty' does not include any period during which an individual (A) was assigned full time by the Armed Forces to a civilian institution for a course of education which was substantially the same as established courses offered to civilians, (B) served as a cadet or midshipman at one of the service academies, or (C) served under the provisions of section 511(d) of title 10 pursuant to an enlistment in the Army National Guard or the Air National Guard, or as a Reserve for service in the Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps Reserve, or Coast Guard Reserve.

"SUBCHAPTER II—BASIC EDUCATIONAL ASSISTANCE

"§ 1411. Basic educational assistance for service on active duty

"Each individual who—

"(1) is a graduate of a secondary school (or has a high school equivalency certificate, as determined by the Administrator),

"(2) after September 30, 1981, and after meeting the requirement of clause (1) of this section—

"(A) serves at least three years of continuous active duty in the Armed Forces; or

"(B) serves in the Armed Forces and (notwithstanding section 977 of title 10) is discharged or released from active duty for a service-connected disability, for hardship, or, in the case of an individual who completed not less than 30 months of active duty, for the convenience of the Government; and

"(3) after completion of the service described in clause (2) of this section—

"(A) is discharged from such service with an honorable discharge or is placed on the retired list;

"(B) continues on active duty without a break in service; or

"(C) is released from active duty for further service in a Reserve component of the Armed Forces after honorable service on active duty;

is entitled to basic educational assistance under this chapter.

"§ 1412. Basic educational assistance entitlement for service in the Selected Reserve and National Guard

"Each individual who—

"(1) is a graduate of a secondary school (or has a high school equivalency certificate, as determined by the Administrator),

"(2) after September 30, 1981, and after meeting the requirement of clause (1) of this section, serves—

"(A) at least two years of continuous active duty in the Armed Forces; and

"(B) at least four years of continuous duty in the Selected Reserve during which the individual satisfactorily participates in training as required by the Secretary concerned or is earlier discharged or released from service in the Selected Reserve for a service-connected disability, for hardship, or for the convenience of the Government; and

"(3) after completion of the service described in clause (2) of this section—

"(A) is discharged from such service with an honorable discharge or is placed on the retired list; or

"(B) continues on active duty or in the Selected Reserve without a break in service;

is entitled to basic educational assistance under this chapter.

"§ 1413. Duration of basic educational assistance

"(a) Subject to section 1795 of this title and subsection (b) of this section, each individual entitled to basic educational assistance under this chapter is entitled to (1) one month of educational assistance benefits under this chapter for each month of active duty served by such individual, and (2) one month of educational assistance benefits under this chapter for each three months served by such individual in the Selected Reserve when not on active duty.

"(b) No individual may receive basic educational assistance benefits under this chapter for a period in excess of thirty-six months (or the equivalent thereof in part-time educational assistance).

"§ 1414. Payment of basic educational assistance

"The Administrator shall pay to each individual entitled to basic educational assistance who is pursuing an approved program of education a basic educational assistance allowance pursuant to this section to help meet, in part, the expenses of such individual's subsistence, tuition, fees, supplies, books, equipment, and other educational costs.

"§ 1415. Amount of basic educational assistance

"Subject to section 1452 of this title, a basic educational assistance allowance under this subchapter shall be paid (1) at the monthly rate of $250, for an approved program of education pursued on a full-time basis, or (2) at an appropriately reduced rate, as determined under regulations which the Administrator shall prescribe, for an approved program of education pursued on less than a full-time basis.

"§ 1416. Early enrollment in a program of education

"An individual who has completed at least two years of service on active duty or in the Selected Reserve and who is otherwise eligible for basic educational assistance may enroll in a program of education while continuing to perform the duty described in section 1411 or 1412 of this title.

"SUBCHAPTER III—SUPPLEMENTAL EDUCATIONAL ASSISTANCE

"§1421. Supplemental educational assistance for additional service

"(a) An individual eligible for basic educational assistance under section 1411 of this title who after September 30, 1981, has served three or more consecutive years of active duty in the Armed Forces in addition to the years of active duty counted under section 1411(2) of this title without a break in such service is entitled to supplemental educational assistance under this subchapter.

"(b) An individual eligible for basic educational assistance under section 1412 of this title who after September 30, 1981, has served two or more consecutive years of active duty in the Armed Forces in addition to the years of active duty counted under section 1412(2) of this title and four or more consecutive years of duty in the Selected Reserve in addition to the years of duty in the Selected Reserve counted under such section without a break in service is entitled to supplemental educational assistance under this subchapter.

"(c) No part of any period of active duty or duty in the Selected Reserve that occurs before the period of duty by which the individual concerned qualifies for basic educational assistance shall be counted for purposes of this section.

"§ 1422. Amount of supplemental educational assistance

"Subject to section 1452 of this title, supplemental educational assistance under section 1421 of this title shall be paid (1) at the monthly rate of $300, for an approved program of education pursued on a full-time basis, or (2) at an appropriately reduced rate, as determined under regulations which the Administrator shall prescribe, for an approved program of education pursued on less than a full-time basis.

"§ 1423. Authority for additional assistance for members with critical specialties

"An individual—

"(1) who has a skill or specialty designated by the Secretary of Defense as a skill or specialty in which there is a critical shortage of personnel; and

"(2) who is entitled to basic educational assistance,

may be provided supplemental educational assistance under this subchapter in addition to any supplemental educational assistance available to such individual under section 1421 of this title. Such assistance may be paid at such monthly rates as the Secretary of Defense considers appropriate or necessary for the purpose of attracting and retaining individuals with such skills or specialties in the Armed Forces.

"§ 1424. Payment of supplemental and additional educational assistance under this subchapter

"The Administrator shall increase the monthly basic educational assistance allowance paid to an individual who is entitled to educational assistance under this subchapter by the monthly amount of the supplemental educational assistance or additional educational assistance, or both, to which the individual is entitled.

"SUBCHAPTER IV—TRANSFER OF ENTITLEMENT TO DEPENDENTS

"§ 1431. Authority to authorize members of the Armed Forces with critical specialties to transfer entitlement to dependents

"(a) Under regulations prescribed under section 1432 of this title, the Secretary of Defense may authorize a member of an armed force who—

"(1) has served eight or more but less than twelve consecutive years on active duty;

"(2) has a skill or specialty designated by the Secretary of Defense as a skill or specialty in which there is a critical shortage of personnel; and

"(3) is entitled to basic educational assistance,

to transfer to one or more of such member's dependents all or any part of such member's entitlement to educational assistance under this chapter.

"(b) Subject to regulations prescribed under section 1432 of this title, a transfer of entitlement under this section may be revoked, in whole or in part, or may be modified at any time.

"§ 1432. Regulations

"(a) The Secretary of Defense shall prescribe regulations for the establishment of eligibility of members to transfer entitlement under this subchapter, and any transfer of entitlement under this subchapter shall be made in accordance with such regulations. In prescribing such regulations, the Secretary of Defense—

"(1) shall designate the skills or specialties in which there is a critical shortage of personnel which qualify a member for consideration for authorization to transfer entitlement under this section;

"(2) shall establish such other terms and conditions for authorization to transfer entitlement as the Secretary considers appropriate considering the needs of the service.

"(b) The Administrator shall prescribe regulations for the administration of the transfer of educational assistance entitlement under this subchapter by members determined pursuant to the regulations prescribed pursuant to subsection (a) of this section to be eligible to make such a transfer and for the provision of such assistance to dependents to whom such entitlement is transferred. In prescribing such regulations, the Administrator may place such limits upon the changing and revoking of transfers of entitlement as the Secretary considers necessary for efficient administration.

"§ 1433. Status of dependents to whom entitlement is transferred

"(a)(1) A dependent to whom entitlement is transferred under this subchapter is entitled to educational assistance under this chapter in the same manner and under the same terms and conditions as the member from whom the entitlement was transferred would be entitled, except that such assistance may only be provided under this subchapter while the member from whom the entitlement was transferred continues on active duty or upon the completion of twenty years of active duty by the member.

"(2) A child to whom educational assistance is transferred under this subchapter may not use such assistance until the child is eighteen years of age or graduates from a secondary school, whichever occurs first.

"(b) If a member transfers entitlement under this section to two or more dependents, the educational assistance payable under this chapter shall be divided (1) in such manner as the member specifies, or (2) if the member is deceased or is otherwise unable or unwilling to specify the manner in which the assistance shall be divided, as determined under regulations prescribed under section 1432 of this title.

"(c) Assistance may not be paid under this chapter to an individual who at the time the benefits would otherwise be paid is not a child or spouse or surviving spouse of the individual who transferred the benefits, notwithstanding that the individual was a dependent at the time the election was made to transfer the benefits.

"§ 1434. Definition

"For the purposes of this subchapter, the term 'dependent' means—

"(1) a child of an individual; and

"(2) the spouse of an individual.

"SUBCHAPTER V—PRESERVICE EDUCATIONAL ASSISTANCE PROGRAM

"§ 1441. Authority to enter into agreements

"To encourage enlistments in the active-duty components of the Armed Forces and in units of the Selected Reserve, the Secretary concerned may enter into preservice educational assistance agreements described in section 1432 of this title under which the Secretary agrees to provide educational assistance in return for an individual's agreement to perform a specified period of obligated service on active duty or in the Selected Reserve.

"§ 1442. Preservice educational assistance agreements

"(a) A preservice educational assistance agreement shall provide (1) that the Secretary concerned shall, subject to section 1445 of this title, provide educational assistance to the individual concerned at a rate and for a period specified in such agreement, and (2) that such individual, in consideration for the provision of such educational assistance, shall agree to serve on active duty or in the Selected Reserve for a period specified in the agreement and determined in accordance with section 1446 of this title.

"(b) Any such agreement shall be in writing and shall in clear language state the obligations and responsibilities of both parties, including the obligations of the individual concerned under section 1444 for failure to perform satisfactory service in accordance with the agreement after receipt of educational assistance.

"§ 1443. Eligibility for preservice educational assistance

"To be eligible for educational assistance under this section, an individual—

"(1) must not be a member of the Armed Forces;

"(2) must be a graduate of a secondary school (or have a high-school equivalency certificate, as determined by the Secretary of Defense); and

"(3) must otherwise be eligible to become a member of the Armed Forces.

"§ 1444. Limitation on amount of educational assistance

"The amount of educational assistance provided an individual under an agreement under this subchapter may not exceed 36 months and may not be provided at a rate in excess of $300 per month for pursuit of a program of education on a full-time basis (or a proportionate amount, for pursuit of a program of education on a less-than-full-time basis).

"§ 1445. Obligated service

"(a) The amount of obligated service which an individual is required to perform under an agreement under this subchapter is one month of service on active duty for each month of educational assistance provided or three months of service in the Selected Reserve for each month of educational assistance provided, or a combination thereof.

"(b) Obligated service performed pursuant to an agreement under this subchapter may not be counted toward service required to earn basic or supplemental educational assistance.

"§ 1446. Status of individual before obligated service is performed

"Upon signing an agreement under this subchapter, an individual becomes a member of the Armed Forces and shall be placed in an element of the Ready Reserve of a Reserve component of the Armed Forces.

"§ 1447. Regulations

"The Secretary of Defense shall prescribe regulations for the administration of this subchapter. Such regulations shall apply uniformly among the Armed Forces.

"SUBCHAPTER VI—TIME LIMITATION FOR USE OF ENTITLEMENT; GENERAL AND ADMINISTRATIVE PROVISIONS

"§ 1451. Time limitation for use of entitlement

"(a) Except as provided in subsections (c) through (f) of this section, the period during which an individual entitled to educational assistance under this chapter may use such individual's entitlement expires at the end of the ten-year period beginning on the date of such individual's last discharge or release from active duty.

"(b) Except as provided in subsections (e) and (f) of this section, the period during which a dependent with entitlement transferred under section 1431 of this title may use such entitlement expires at the end of the ten-year period beginning on the earlier of—

"(1) the date on which the dependent begins to use such entitlement; or

"(2) the same date that applies to the individual from whom the entitlement was transferred.

"(c) In the case of any eligible individual who has been prevented, as determined by the Administrator, from pursuing a program of education under subchapter II or III of this chapter within the ten-year period prescribed by subsection (a) of this section because such individual had not met the nature of discharge requirement of such subchapter before (1) the nature of such discharge or release was changed by appropriate authority, or (2) with respect to educational assistance under subchapter II of this section, the Administrator determined, under regulations prescribed by the Administrator, that such discharge or release was under conditions other than dishonorable, such ten-year period shall not run during the period of time that such individual was so prevented from pursuing such program of education.

"(d) In the case of an individual eligible for educational assistance under the provisions of this chapter who, subsequent to such individual's last discharge or release from active duty, was captured and held as a prisoner of war by a foreign government or power, the ten-year period described in subsection (a) of this section shall not run (1) while such individual is so detained, or (2) during any period immediately following such individual's release from such detention during which such individual is hospitalized at a military, civilian, or Veterans' Administration medical facility.

"(e) In the case of an individual eligible for educational assistance under this chapter (including a dependent to whom entitlement under this chapter has been transferred pursuant to section 1425 of this title) and—

"(1) who was prevented from pursuing such individual's chosen program of education prior to the expiration of the ten-year period for use of entitlement under this chapter otherwise applicable under this section because of a physical or mental disability which was not the result of such individual's own willful misconduct, and

"(2) who applies for an extension of such ten-year period within one year after (A) the last day of such period, or (B) the last day on which such individual was so prevented from pursuing such program, whichever is later,

such ten-year period shall not run with respect to such individual during the period of time that such individual was so prevented from pursuing such program and such ten-year period will again begin running on the first day following such individual's recovery from such disability on which it is reasonably feasible, as determined under regulations which the Administrator shall prescribe, for such individual to initiate or resume pursuit of a program of education with educational assistance under this chapter.

"(f)(1) If an individual entitled to educational assistance under this chapter (including an individual to whom such entitlement has been transferred) is enrolled under this chapter in an educational institution regularly operated on the quarter or semester system and the period during which such individual may use such individual's entitlement under this chapter would, under this section, expire during a quarter or semester, such period shall be extended to the termination of such quarter or semester.

"(2) If an individual entitled to educational assistance under this chapter (including an individual to whom such entitlement has been transferred) is enrolled under this chapter in an educational institution not regularly operated on the quarter or semester system and the period during which such individual may use such individual's entitlement under this chapter would, under this section, expire after a major portion of the course is completed, such period shall be extended to the end of the course or for twelve weeks, whichever is the lesser period of extension.

"§ 1452. Limitation on educational assistance for individuals being furnished subsistence

"In the case of an individual entitled to educational assistance under this chapter (including an individual to whom such entitlement has been transferred) who is pursuing a program of education—

"(1) while being furnished subsistence, whether in whole or in part and in money or in kind, by an entity of the United States or of a State or local government; or

"(2) on less than a half-time basis,

the total amount of monthly educational assistance of such individual under this chapter may not exceed the established charges for tuition and fees which the educational institution involved requires similarly circumstanced nonveterans enrolled in the same program to pay.

"§ 1453. Individuals with entitlement under chapter 34 or 35 of this title

"An individual entitled to educational assistance under a program established by this chapter (including an individual to whom such entitlement has been transferred) who is also eligible for educational assistance under a program under chapter 34 or 35 of this title may not receive assistance under both programs concurrently but shall elect (in such form and manner as the Administrator may prescribe) under which program to receive educational assistance.

"§ 1454. Program administration

"Except as otherwise provided in this chapter, the provisions of sections 1663, 1670, 1671, 1673, 1674, 1676, 1681(c), and 1683 of this title and the provisions of subchapters I and II of chapter 36 of this title, with the exception of section 1786 of such chapter, shall be applicable to the provision of educational assistance under this chapter. The term 'eligible veteran', as used in those provisions, shall be deemed to include an individual who is eligible for educational assistance under this chapter, and the term 'eligible person', as used in those provisions, shall be deemed to include an individual to whom educational assistance is transferred under this chapter.

"§1455. Allocation of administration and of program costs

"(a) Except to the extent otherwise specifically provided in this chapter, the educational assistance programs established by this chapter shall be administered by the Veterans' Administration.

"(b)(1) Except to the extent provided in paragraph (2) of this subsection, payments for entitlement earned under subchapter II of this chapter shall be made from appropriations made to the Veterans' Administration.

"(2) Payments for entitlement earned under subchapter II of this chapter which is used by an individual to whom such entitlement was transferred under subchapter IV of this chapter, or which is used by the individual earning such entitlement after an election under such subchapter to transfer such entitlement which was subsequently revoked, shall be made from appropriations made to the Department of Defense.

"(3) Payments for entitlement earned under subchapter III of this chapter (whether used by the individual earning such entitlement or an individual to whom such entitlement was transferred under subchapter IV of this chapter) and contracted for under subchapter V of this chapter shall be made from appropriations made to the Department of Defense.

"(c) Funds for the payment by the Administrator of entitlement described in paragraphs (2) and (3) of subsection (b) of this section shall be transferred to the Veterans' Administration as necessary from appropriations available for such purpose. The Administrator and the Secretary of Defense shall enter into an agreement for the manner in which such transfers shall be carried out.

"§ 1456. Predischarge counseling requirement

"Upon the discharge or release from active duty of a member of the Armed Forces, the Secretary concerned shall provide for individual counseling of that member by a member of the same armed force as that member who is trained in readjustment counseling. Such counseling shall include a discussion of the educational assistance benefits to which the member is entitled and an explanation of the procedures for and advantages of affiliating with the Selected Reserve. A notation of the provision of such counseling shall be entered in the service record of each member receiving such counseling.

"§ 1457. Reporting requirement

"(a) The Secretary of Defense and the Administrator shall submit to the Congress at least once every two years separate reports on the operation of the programs provided for in this chapter. The Secretary and Administrator shall include in each such report—

"(1) information indicating (A) the extent to which the benefit levels provided under this chapter are adequate to achieve the purposes of inducing individuals to enter and remain in the Armed Forces and of providing an adequate level of financial assistance to help meet the cost of pursuing a program of education, and (B) whether it is necessary for the purposes of maintaining adequate levels of well-qualified active-duty personnel in the Armed Forces to continue to offer the opportunity for educational assistance under this chapter to individuals who have not yet entered active-duty service; and

"(2) such recommendations for administrative and legislative changes regarding the provision of educational assistance to members of the Armed Forces and veterans, and their dependents, as the Secretary or Administrator considers appropriate.

"(b) The first reports under this section shall be submitted not later than April 1, 1983.".

(b) The tables of chapters at the beginning of such title and at the beginning of part III of such title are each amended by inserting above the item relating to chapter 31 the following new item:

"30. All-Volunteer Force Educational Assistance Program .... 1401".

COORDINATION WITH OTHER EDUCATION AND TRAINING PROGRAMS

SEC. 3. (a) Section 1508(f)(1) of title 38, United States Code, is amended—

(1) in subparagraph (A)—

(A) by inserting "30 or" before "34" the first place it appears; and

(B) by striking out "chapter 34" the second place it appears and inserting in lieu thereof "either chapter 30 or chapter 34"; and

(2) in subparagraph (B), by inserting "30 or" before "34".

(b)(1) Section 1602(a) of such title is amended by inserting "and before January 1, 1982," after "January 1, 1977," both places it appears.

(2) Section 1623 of such title is amended by adding at the end the following new subsection:

"(e) If a participant becomes entitled to educational assistance under subchapter II of chapter 30 of this title, the participant shall be disenrolled from the program under this chapter effective on the last day of the month in which the participant becomes entitled to such assistance.".

(c)(1) Section 1781 of such title is amended by inserting "30," after "chapter".

(2) Section 1795(a)(4) of such title is amended by inserting "30," after "chapters".

TERMINATION OF RIGHT TO ENROLL IN CHAPTER 32 PROGRAM

SEC. 4. Section 408 of the Post-Vietnam Era Veterans' Educational Assistance Act of 1977 (Public Law 94–502; 90 Stat. 2397) is amended—

(1) in subsection (a)—

(A) by striking out "(a)(1)"; and

(B) by striking out all after "December 31, 1981" and inserting in lieu thereof a period; and

(2) by striking out subsection (b).

TWO-YEAR EXTENSION OF PILOT DEPARTMENT OF DEFENSE EDUCATIONAL LOAN REPAYMENT PROGRAM

SEC. 5. Section 902(g) of the Department of Defense Authorization Act, 1981 (Public Law 96–342; 94 Stat. 1115), is amended by striking out "October 1, 1981" and inserting in lieu thereof "October 1, 1983".

EFFECTIVE DATE

SEC. 6. The authority of the Secretary concerned to enter into preservice educational assistance agreements under subchapter IV of chapter 30 of title 38, United States Code, as added by section 2, is effective on October 1, 1981.

[COMMITTEE PRINT]

JUNE 4, 1981

[Showing H.R. 1400 As Reported by the Committee on Veterans' Affairs]

97TH CONGRESS
1ST SESSION

H.R. 1400

[Report No. 97–80, Part I]

To amend title 38, United States Code, to establish new educational assistance programs for veterans and for members of the Armed Forces.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 28, 1981

Mr. MONTGOMERY (for himself, Mr. HAMMERSCHMIDT, Mr. WHITE, Mrs. HOLT, Mr. AUCOIN, and Mr. HARTNETT) introduced the following bill; which was referred jointly to the Committees on Veterans' Affairs and Armed Services

MAY 19, 1981

Reported from the Committee on Veterans' Affairs with an amendment, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on January 28, 1981]

JUNE 2, 1981

Additional sponsors: Mr. SPENCE, Mr. HEFNER, Mr. STUMP, Mr. EMERY, Mr. DICKS, Mr. SUNIA, Mr. EDGAR, Mr. MAZZOLI, Mr. BRINKLEY, Mr. LEHMAN, Mr. EVANS of Indiana, Mr. MCCLOSKEY, Mr. HUTTO, Mr. DENARDIS, Mr. COELHO, Mr. SIMON, Mr. SAM B. HALL, JR., Mr. FITHIAN, Mr. ATKINSON, Mr. LONG of Maryland, Mr. EDWARDS of California, Mr. DANIELSON, Mr. MOTTL, Mr. APPLEGATE, Mr. BONER of Tennessee, Mr. SHELBY, Mr. MICA, Mr. DASCHLE, Mr. DORGAN of North Dakota, Mr. WON PAT, Mrs. HECKLER, Mr. WYLIE, Mr. SAWYER, Mr. SOLOMON, Mr. JEFFRIES, Mr. MCEWEN, Mr. DUNN, Mr. SMITH of New Jersey, Mr. SILJANDER, Mr. LEATH of Texas, Mr. CONTE, Mr. WORTLEY, Mr. FORSYTHE, Mr. ENGLISH, Mr. OBERSTAR, Mr. PEPPER, Mr. DE LA GARZA, Mr. WHITEHURST, Mr. DERRICK, Mr. HORTON, Mrs. BYRON, Mr. HERTEL, Mr. FOGLIETTA, Mr. TRIBLE, Mr. BURGENER, Mr. IRELAND, Mr. LAGO-

MARSINO, Mr. PARRIS, Mr. ERTEL, Mr. KAZEN, Mr. MITCHELL of Maryland, Mr. BAILEY of Pennsylvania, Mr. FORD of Michigan, Mr. DELLUMS, Mr. HYDE, Mr. RAHALL, Mr. DYMALLY, Mr. ZEFERETTI, Mr. RICHMOND, Mr. GONZALEZ, Mr. DOUGHERTY, Mr. STARK, Mr. CLAUSEN, Mr. BROWN of California, Mr. BEDELL, Mr. BEVILL, Mr. WEBER of Minnesota, Mr. DUNCAN, Mr. JONES of North Carolina, Mr. EDWARDS of Oklahoma, Mr. McDADE, Mr. KILDEE, Mr. NEAL, Mr. HUNTER, Mr. DERWINSKI, Mr. ERDAHL, Mr. GLICKMAN, Mr. JEFFORDS, Mr. LAFALCE, Mr. ANDREWS, Mr. FROST, Mr. BONIOR of Michigan, Mr. NAPIER, Mr. EVANS of Delaware, Mr. RALPH M. HALL, Mr. OTTINGER, Mr. WOLF, Mr. CLINGER, Mr. HOLLENBECK, Mr. FAZIO, Mr. LENT, and Mr. HOWARD

A BILL

To amend title 38, United States Code, to establish new educational assistance programs for veterans and for members of the Armed Forces.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Veterans' Educational Assistance Act of 1981".

NEW EDUCATIONAL ASSISTANCE PROGRAM

SEC. 2. (a) Title 38, United States Code, is amended by inserting before chapter 31 the following new chapter:

"CHAPTER 30—ALL-VOLUNTEER FORCE EDUCATIONAL ASSISTANCE PROGRAM

"SUBCHAPTER I—PURPOSES; DEFINITIONS

"Sec.
"1401. Purposes.
"1402. Definitions.

"SUBCHAPTER II—BASIC EDUCATIONAL ASSISTANCE

"1411. Basic educational assistance for service on active duty.
"1412. Basic educational assistance entitlement for service in the Selected Reserve.
"1413. Duration of basic educational assistance.
"1414. Payment of basic educational assistance.
"1415. Amount of basic educational assistance.
"1416. Inservice enrollment in a program of education.

"SUBCHAPTER III—SUPPLEMENTAL EDUCATIONAL ASSISTANCE

"1421. Supplemental educational assistance for additional service.
"1422. Amount of supplemental educational assistance.
"1423. Payment of supplemental educational assistance under this subchapter.

"SUBCHAPTER IV—AUTHORITY TO ALLOW TRANSFER OF ENTITLEMENT TO DEPENDENTS

"1431. Authority to allow members of the Armed Forces to transfer entitlement to dependents.
"1432. Regulations.
"1433. Status of dependents to whom entitlement is transferred.
"1434. Definition.

"SUBCHAPTER V—TIME LIMITATION FOR USE OF ELIGIBILITY AND ENTITLEMENT; GENERAL AND ADMINISTRATIVE PROVISIONS

"1441. Time limitation for use of eligibility and entitlement.
"1442. Limitation on educational assistance for certain individuals.
"1443. Bar to duplication of educational assistance benefits.
"1444. Program administration.
"1445. Allocation of administration and of program costs.
"1446. Reporting requirement.

"Subchapter I—Purposes; Definitions

"§ 1401. Purposes

"The purposes of this chapter are—

"(1) to provide a new educational assistance program to assist in the readjustment of members of the Armed Forces to civilian life after their separation from military service;

"(2) to promote and assist the All-Volunteer Force program and the Total Force Concept of the Armed

Forces by establishing a new program of educational assistance based upon service on active duty or a combination of service on active duty and in the Selected Reserve (including the National Guard) to aid in the recruitment and retention of highly-qualified personnel for both the active and reserve components of the Armed Forces; and

"(3) to give special emphasis to providing educational assistance benefits to aid in the retention of personnel in the Armed Forces.

"§ 1402. Definitions

"For the purposes of this chapter—

"(1) The term 'basic educational assistance' means educational assistance provided under subchapter II of this chapter.

"(2) The term 'supplemental educational assistance' means educational assistance provided under subchapter III of this chapter.

"(3) The term 'program of education' has the meaning given such term in section 1652(b) of this title.

"(4) The term 'Selected Reserve' means the Selected Reserve of the Ready Reserve of any of the reserve components (including the Army National Guard of the United States and the Air National Guard of the United States) of

the Armed Forces, as required to be maintained under section 268(b) of title 10.

"(5) the term 'Secretary concerned' means the Secretary of Defense with respect to members of the Armed Forces under the jurisdiction of the Secretary of a military department and the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy.

"(6) The term 'active duty' does not include any period during which an individual (A) was assigned full time by the Armed Forces to a civilian institution for a course of education which was substantially the same as established courses offered to civilians, (B) served as a cadet or midshipman at one of the service academies, or (C) served under the provisions of section 511(d) of title 10 pursuant to an enlistment in the Army National Guard or the Air National Guard, or as a Reserve for service in the Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps Reserve, or Coast Guard Reserve.

"Subchapter II—Basic Educational Assistance

"§ 1411. Basic educational assistance for service on active duty

"Each individual who—

"(1) after September 30, 1981—

"(A) serves at least three years of continuous active duty in the Armed Forces; or

"(B) serves in the Armed Forces and (notwithstanding section 977 of title 10) is discharged or released from active duty for a service-connected disability, for hardship, or, in the case of an individual who completed not less than 30 months of active duty, for the convenience of the Government;

"(2) before completion of the service described in clause (1) of this section, has received a secondary school diploma (or an equivalency certificate); and

"(3) after completion of the service described in clause (1) of this section—

"(A) is discharged from service with an Honorable Discharge, is placed on the retired list, is transferred to the Fleet Reserve or Fleet Marine Corps Reserve, or is placed on the temporary disability retired list;

"(B) continues on active duty; or

"(C) is released from active duty for further service in a reserve component of the Armed Forces after service on active duty characterized by the Secretary concerned as honorable service;

is entitled to basic educational assistance under this chapter.

"§ *1412. Basic educational assistance entitlement for service in the Selected Reserve*

"(a) Each individual who—

"(1) after September 30, 1981—

"(A) serves at least two years of continuous active duty in the Armed Forces characterized by the Secretary concerned as honorable service; and

"(B) subject to subsection (b) of this section and after completion of the service on active duty described in clause (A) of this paragraph, serves at least four years of continuous duty in the Selected Reserve during which the individual participates satisfactorily in training as required by the Secretary concerned;

"(2) before completion of the service described in clause (1) of this section, has received a secondary school diploma (or an equivalency certificate); and

"(3) after completion of the service described in clause (1) of this section—

"(A) is discharged from service with an Honorable Discharge, is placed on the retired list, or is transferred to the Standby Reserve or an element of the Ready Reserve other than the Selected Reserve after service in the Selected Reserve characterized by the Secretary concerned as honorable service; or

"(B) continues on active duty or in the Selected Reserve;

is entitled to basic educational assistance under this chapter.

"(b)(1) The requirement of four years of service under clause (2)(B) of subsection (a) of this section is not applicable to an individual who is discharged or released from service in the Selected Reserve for a service-connected disability, for hardship, or (in the case of an individual discharged or released after three and one-half years of service) for the convenience of the Government.

"(2) Continuity of service of a member in the Selected Reserve for purposes of such clause shall not be considered to be broken—

"(A) by any period of time (not to exceed a maximum period prescribed by the Secretary concerned by regulation) during which the member is not able to locate a unit of the Selected Reserve of his Armed Force that he is eligible to join or that has a vacancy; or

"(B) by any other period of time (not to exceed a maximum period prescribed by the Secretary concerned by regulation) during which the member is not attached to a unit of the Selected Reserve that the Secretary concerned, pursuant to regulations, considers to be inappropriate to consider for such purpose.

"§ 1413. Duration of basic educational assistance

"(a) Subject to section 1795 of this title and subsection (b) of this section, each individual entitled to basic educational assistance under this chapter is entitled to (1) one month of educational assistance benefits under this chapter for each month of active duty served by such individual, and (2) one month of educational assistance benefits under this chapter for each four months served by such individual in the Selected Reserve (other than any month in which the individual served on active duty).

"(b) No individual may receive basic educational assistance benefits under this chapter for a period in excess of 36 months (or the equivalent thereof in part-time educational assistance).

"§ 1414. Payment of basic educational assistance

"The Administrator shall pay to each individual entitled to basic educational assistance who is pursuing an approved program of education a basic educational assistance allowance to help meet, in part, the expenses of such individual's subsistence, tuition, fees, supplies, books, equipment, and other educational costs.

"§ 1415. Amount of basic educational assistance

"(a) Subject to section 1442 of this title and except as otherwise provided in subsection (b) of this section, a basic educational assistance allowance under this subchapter shall be paid—

"(1) at the monthly rate of $300 for an approved program of education pursued on a full-time basis; or

"(2) at an appropriately reduced rate, as determined under regulations which the Administrator shall prescribe, for an approved program of education pursued on less than a full-time basis.

"(b) In the case of an individual who has a skill or specialty designated by the Secretary concerned as a skill or specialty in which there is a critical shortage of personnel, the Secretary concerned, pursuant to regulations to be prescribed by the Secretary, may establish the rate of the basic educational assistance allowance applicable to such individual at such rate in excess of the rate prescribed under subsection (a) of this section as the Secretary considers appropriate.

"§ 1416. Inservice enrollment in a program of education

"A member of the Armed Forces who has completed at least two years of service on active duty after September 30, 1981, has continued on active duty or in the Selected Reserve without a break in service (except as described in section 1412(b)(2) of this title), and who but for section 1411(1) or 1412(1) of this title would be eligible for basic educational assistance may receive educational assistance under this chapter for enrollment in an approved program of education while continuing to perform the duty described in section 1411(1) or 1412(1) of this title.

"Subchapter III—Supplemental Educational Assistance

"§ 1421. Supplemental educational assistance for additional service

"(a) An individual eligible for basic educational assistance under section 1411 of this title who—

"(1) has served three or more consecutive years of active duty in the Armed Forces in addition to the years of active duty counted under section 1411(1) of this title without a break in such service; and

"(2) after completion of the service described in clause (1) of this subsection—

"(A) is discharged from service with an Honorable Discharge, is placed on the retired list, is transferred to the Fleet Reserve or Fleet Marine Corps Reserve, or is placed on the temporary disability retired list;

"(B) continues on active duty without a break in service; or

"(C) is released from active duty for further service in a Reserve component of the Armed Forces after service on active duty characterized by the Secretary concerned as honorable service;

is entitled to supplemental educational assistance under this subchapter.

"(b) An individual eligible for basic educational assistance under section 1412 of this title who—

"(1) has served two or more consecutive years of active duty in the Armed Forces in addition to the years of active duty counted under section 1412(1) of this title and four or more consecutive years of duty in the Selected Reserve in addition to the years of duty in the Selected Reserve counted under such section without a break in service; and

"(2) after completion of the service described in clause (1) of this subsection—

"(A) is discharged from service with an Honorable Discharge, is placed on the retired list, is transferred to the Fleet Reserve or Fleet Marine Corps Reserve, or is placed on the temporary disability retired list;

"(B) continues on active duty without a break in service; or

"(C) is released from active duty for further service in a reserve component of the Armed Forces after service on active duty characterized by the Secretary concerned as honorable service;

is entitled to supplemental educational assistance under this subchapter.

"(c) Continuity of service of a member in the Selected Reserve for purposes of such paragraph shall not be considered to be broken—

"(1) by any period of time (not to exceed a maximum period prescribed by the Secretary concerned by regulation) during which the member is not able to locate a unit of the Selected Reserve of his armed force that he is eligible to join or that has a vacancy; or

"(2) by any other period of time (not to exceed a maximum period prescribed by the Secretary concerned by regulation) during which the member is not attached to a unit of the Selected Reserve that the Secretary concerned, pursuant to regulations, considers to be inappropriate to consider for such purpose.

"(d) A period of active duty or duty in the Selected Reserve that occurs before the period of duty by which the individual concerned qualifies for basic educational assistance may not be counted for purposes of this section.

"§ 1422. Amount of supplemental educational assistance

"(a) Subject to section 1442 of this title and except as otherwise provided under subsection (b) of this section, supplemental educational assistance under section 1421 of this title shall be paid—

"(1) at the monthly rate of $300 for an approved program of education pursued on a full-time basis; or

"(2) at an appropriately reduced rate, as determined under regulations which the Administrator shall

prescribe, for an approved program of education pursued on less than a full-time basis.

"(b) In the case of a member of the Armed Forces entitled to supplemental educational assistance who has a skill or specialty designated by the Secretary concerned as a skill or specialty in which there is a critical shortage of personnel, the Secretary concerned, pursuant to regulations to be prescribed by the Secretary, may establish the rate of the supplemental educational assistance allowance applicable to such individual at such rate in excess of the rate prescribed under subsection (a) of this section as the Secretary considers appropriate.

"§ 1423. Payment of supplemental educational assistance under this subchapter

"The Administrator shall increase the monthly basic educational assistance allowance paid to an individual who is entitled to supplemental educational assistance under this subchapter by the monthly amount of the supplemental educational assistance to which the individual is entitled.

"Subchapter IV—Transfer of Entitlement to Dependents

"§ 1431. Authority to authorize members of the Armed Forces to transfer entitlement to dependents

"(a) Under regulations prescribed under section 1432 of this title, a member of the Armed Forces who—

"(1) has served ten or more continuous years on active duty; and

"(2) is entitled to basic educational assistance,

is entitled to transfer to one or more of such member's dependents all or any part of such member's entitlement to educational assistance under this chapter.

"(b) Subject to regulations prescribed under section 1432 of this title, a transfer of entitlement under this section, once earned, may be made at any time and may be revoked, in whole or in part, or may be modified at any time.

"§ 1432. Regulations

"The Administrator shall prescribe regulations for the administration of the transfer of educational assistance entitlement under this subchapter by individuals to make such a transfer and for the provision of such assistance to dependents to whom such entitlement is transferred. In prescribing such regulations, the Administrator may place such limits upon the changing and revoking of transfers of entitlement as the Administrator considers necessary for efficient administration and may provide for any such revocation to be effective at the end of any semester, quarter, or other unit of instruction in which a dependent to whom entitlement had been transferred is engaged in at the time of the revocation.

"§ 1433. Status of dependents to whom entitlement is transferred

"(a)(1) A dependent to whom entitlement is transferred under this subchapter is entitled to educational assistance under this chapter in the same manner and under the same terms and conditions as the individual from whom the entitlement was transferred would be entitled, except that such assistance may only be provided while the individual from whom the entitlement was transferred continues on active duty or upon the death or completion of 20 years of active duty by the individual.

"(2) The period of eligibility of a child to whom educational assistance is transferred under this subchapter shall be determined in accordance with section 1712(a) of this title.

"(b) If an individual transfers entitlement under this section to two or more dependents, the educational assistance payable under this chapter shall be divided (1) in such manner as the individual specifies, or (2) if the individual is deceased or is otherwise unable to specify the manner in which the assistance shall be divided, as determined under regulations prescribed under section 1432 of this title.

"(c) Assistance may not be paid under this chapter to an individual who at the time the benefits would otherwise be paid is not a child or spouse or surviving spouse of the individual who transferred the benefits, notwithstanding that the

individual was a dependent at the time the election was made to transfer the benefits.

"§ 1434. Definition

"For the purposes of this subchapter, the term 'dependent' means—

"(1) a child of an individual; and

"(2) the spouse or surviving spouse of an individual.

"Subchapter V—Time Limitation for Use of Eligibility and Entitlement; General and Administrative Provisions

"§ 1441. Time limitation for use of eligibility and entitlement

"(a) Except as provided in subsections (c) through (e) of this section, the period during which an individual entitled to educational assistance under this chapter may use such individual's entitlement expires at the end of the ten-year period beginning (1) on the date of such individual's last discharge or release from active duty, or (2) in the case of an individual entitled to such assistance under section 1412 or 1421(b) of this title, on the date of the accrual of such entitlement, whichever is later.

"(b) Except as provided in subsection (e) of this section, the period during which a dependent with entitlement transferred under section 1431 of this title may use such entitle-

ment expires at the end of the ten-year period beginning on the earlier of—

"(1) the date on which the dependent begins to use such entitlement; or

"(2) the same date that applies to the individual from whom the entitlement was transferred.

"(c) In the case of any eligible individual who has been prevented, as determined by the Administrator, from pursuing a program of education under subchapter II or III of this chapter within the ten-year period prescribed by subsection (a) of this section because such individual had not met the nature of discharge requirement of such subchapter before (1) the nature of such discharge or release was changed by appropriate authority, or (2) with respect to educational assistance under subchapter II of this chapter, the Administrator determined, under regulations prescribed by the Administrator, that such discharge or release was under conditions described in section 1411(3) of this title, such ten-year period shall not run during the period of time that such individual was so prevented from pursuing such program of education.

"(d) In the case of an individual eligible for educational assistance under the provisions of this chapter who, after such individual's last discharge or release from active duty, was detained by a foreign government or power, the ten-year period described in subsection (a) of this section shall not run

(1) while such individual is so detained, or (2) during any period immediately following such individual's release from such detention during which such individual is hospitalized at a military, civilian, or Veterans' Administration medical facility.

"(e) In the case of an individual eligible for educational assistance under this chapter (including a dependent to whom entitlement under this chapter has been transferred pursuant to section 1431 of this title)—

"(1) who was prevented from pursuing such individual's chosen program of education before the expiration of the ten-year period for use of entitlement under this chapter because of a physical or mental disability which was not the result of the individual's own willful misconduct, and

"(2) who applies for an extension of such ten-year period within one year after (A) the last day of such period, or (B) the last day on which such individual was so prevented from pursuing such program, whichever is later,

such ten-year period shall not run with respect to such individual during the period of time that such individual was so prevented from pursuing such program and such ten-year period will again begin running on the first day following such individual's recovery from such disability on which it is *reasonably feasible, as determined under regulations which the Administrator shall prescribe, for such individual to initiate or resume pursuit of a program of education with educational assistance under this chapter.*

"(f)(1) If an individual eligible for educational assistance under this chapter (including an individual to whom entitlement has been transferred) is enrolled under this chapter in an educational institution regularly operated on the quarter or semester system and the period of such individual's entitlement under this chapter would expire during a quarter or semester, such period shall be extended to the end of such quarter or semester.

"(2) If an individual eligible for educational assistance under this chapter (including an individual to whom entitlement has been transferred) is enrolled under this chapter in an educational institution not regularly operated on the quarter or semester system and the period of such individual's entitlement under this chapter would expire after a major portion of the course is completed, such period shall be extended to the end of the course or for twelve weeks, whichever is the lesser period of extension.

"§ 1442. Limitation on educational assistance for certain individuals

"(a) In the case of an individual entitled to educational assistance under this chapter (including an individual to

whom such entitlement has been transferred) who is pursuing a program of education—

"(1) while on active duty; or

"(2) on less than a half-time basis,

the amount of the monthly educational assistance allowance payable to such individual under this chapter is the amount determined under subsection (b) of this section.

"(b) The amount of the educational assistance allowance payable to an individual described in subsection (a) of this section is the lesser of (1) the amount of the educational assistance allowance otherwise payable to such individual under this chapter, or (2) the established charges for tuition and fees that the educational institution involved requires similarly circumstanced nonveterans enrolled in the same program to pay.

"§ 1443. Bar to duplication of educational assistance benefits

"(a) An individual entitled to educational assistance under a program established by this chapter (including an individual to whom such entitlement has been transferred) who is also eligible for educational assistance under a program under chapter 31, 32, 34, or 35 of this title or under chapter 106 or 107 of title 10 may not receive assistance under both programs concurrently but shall elect (in such

form and manner as the Administrator may prescribe) under which program to receive educational assistance.

"(b) A period of service counted for purposes of repayment under section 902 of the Department of Defense Authorization Act, 1981 (10 U.S.C. 2141 note), of an education loan may not also be counted for purposes of entitlement to educational assistance under this chapter.

"§ 1444. Program administration

"(a) Except as otherwise provided in this chapter, the provisions of sections 1663, 1670, 1671, 1673, 1674, 1676, 1682(g), and 1683 of this title and the provisions of subchapters I and II of chapter 36 of this title (with the exception of sections 1777, 1780(a)(5), 1780(b), 1780(c), 1786, 1787, and 1792 of such chapter) shall be applicable to the provision of educational assistance under this chapter. The term 'eligible veteran', as used in those provisions, shall be deemed to include an individual who is eligible for educational assistance under this chapter, and the term 'eligible person', as used in those provisions, shall be deemed to include an individual to whom educational assistance is transferred under this chapter.

"(b) No educational assistance allowance for any period may be paid to an individual enrolled in or pursuing a program of education under this chapter until the Administrator shall have received—

"(1) from such individual a certification as to such individual's actual attendance during such period; and

"(2) from the educational institution a certification, or an endorsement of the individual's certificate, that such individual was enrolled in and pursuing a program of education during such period.

"(c) Regulations prescribed by the Secretary of Defense under this chapter shall be uniform for the Armed Forces under the jurisdiction of the Secretary of a military department.

"§ 1445. Allocation of administration and of program costs

"(a) Except to the extent otherwise specifically provided in this chapter, the educational assistance programs established by this chapter shall be administered by the Veterans' Administration.

"(b)(1) Except to the extent provided in paragraph (2) of this subsection, payments for entitlement earned under subchapter II of this chapter shall be made from appropriations made to the Veterans' Administration.

"(2) Payments for entitlement earned under subchapter II of this chapter which is used by an individual to whom such entitlement was transferred under subchapter IV of this chapter, or which is used by the individual earning such entitlement after an election under such subchapter to transfer

such entitlement which was subsequently revoked, shall be made from appropriations made to the Department of Defense or the Department of Transportation, as appropriate.

"(3) Payment for entitlement earned under subchapter II of this chapter that is established at a rate in excess of $300 per month shall be made from appropriations made to the Department of Defense or the Department of Transportation, as appropriate, to the extent of that excess.

"(c) Payments for entitlement earned under subchapter III of this chapter (whether used by the individual earning such entitlement or an individual to whom such entitlement was transferred under subchapter IV of this chapter) shall be made from appropriations made to the Department of Defense or the Department of Transportation, as appropriate.

"(d) Funds for the payment by the Administrator of entitlement described in paragraphs (2) and (3) of subsection (b) of this section and in subsection (c) of this section shall be transferred to the Veterans' Administration as necessary from appropriations available for such purpose. The Administrator and the Secretary concerned shall enter into an agreement for the manner in which such transfers shall be carried out.

"§ 1446. Reporting requirement

"(a) The Secretary of Defense and the Administrator shall submit to the Congress at least once every two years

separate reports on the operation of the program provided for in this chapter.

"(b) The Secretary shall include in each report submitted under this section—

"(1) information indicating (A) the extent to which the benefit levels provided under this chapter are adequate to achieve the purposes of inducing individuals to enter and remain in the Armed Forces and of providing an adequate level of financial assistance to help meet the cost of pursuing a program of education, and (B) whether it is necessary for the purposes of maintaining adequate levels of well-qualified active-duty personnel in the Armed Forces to continue to offer the opportunity for educational assistance under this chapter to individuals who have not yet entered active-duty service; and

"(2) such recommendations for administrative and legislative changes regarding the provision of educational assistance to members of the Armed Forces and veterans, and their dependents, as the Secretary considers appropriate.

"(c) The Administrator shall include in each report submitted under this section—

"(1) information concerning the level of utilization of educational assistance and of expenditures under this chapter; and

"(2) such recommendations for administrative and legislative changes regarding the provision of educational assistance to members of the Armed Forces and veterans, and their dependents, as the Administrator considers appropriate.

"(d)(1) The first report by the Secretary of Defense under this section shall be submitted not later than April 1, 1983.

"(2) The first report by the Administrator under this section shall be submitted not later than April 1, 1985.".

(b) The tables of chapters at the beginning of such title and at the beginning of part III of such title are each amended by inserting above the item relating to chapter 31 the following new item:

"30. All-Volunteer Force Educational Assistance Program .... 1401".

COORDINATION WITH OTHER VETERANS' EDUCATION AND TRAINING PROGRAMS

SEC. 3. (a) Section 1508(f)(1) of title 38, United States Code, is amended—

(1) in subparagraph (A)—

(A) by inserting "30 or" before "34" the first place it appears; and

(B) by striking out "chapter 34" the second place it appears and inserting in lieu thereof "either chapter 30 or chapter 34"; and

(2) in subparagraph (B), by inserting "30 or" before "34".

(b)(1) Section 1602(1)(A) of such title is amended by inserting "and before October 1, 1981," after "January 1, 1977," both places it appears.

(2) Section 1623 of such title is amended by adding at the end the following new subsection:

"(e) If a participant becomes entitled to educational assistance under subchapter II of chapter 30 of this title, the participant may elect to disenroll from the program under this chapter effective on the last day of the month in which the participant becomes entitled to such assistance.".

(c)(1) Section 1781 of title 38, United States Code, is amended—

(A) by inserting "30," after "chapter";

(B) by striking out "36," and inserting in lieu thereof "36 of this title or 106 or 107 of title 10,"; and

(C) by striking out the comma after "chapter 31".

(2) Section 1795(a) of such title is amended—

(A) by inserting "30," in clause (4) after "chapters"; and

(B) by inserting after clause (4) the following new clause:

"(5) chapters 106 and 107 of title 10,".

TERMINATION OF RIGHT TO ENROLL IN CHAPTER 32 PROGRAM

SEC. 4. Section 408 of the Post-Vietnam Era Veterans' Educational Assistance Act of 1977 (Public Law 94–502; 90 Stat. 2397) is amended—

(1) in subsection (a)—

(A) by striking out "(a)(1)"; and

(B) by striking out all after "December 31, 1981" and inserting in lieu thereof a period; and

(2) by striking out subsection (b).

TWO-YEAR EXTENSION OF PILOT DEPARTMENT OF DEFENSE EDUCATIONAL LOAN REPAYMENT PROGRAM

SEC. 5. Section 902(g) of the Department of Defense Authorization Act, 1981 (Public Law 96–342; 94 Stat. 1115), is amended by striking out "October 1, 1981" and inserting in lieu thereof "October 1, 1983".

EDUCATIONAL LEAVE OF ABSENCE FOR MEMBERS OF THE ARMED FORCES

SEC. 6. (a) Chapter 40 of title 10, United States Code, relating to leave, is amended by adding at the end thereof the following new section:

"§ 706. Educational leave of absence

"(a) Under such regulations as the Secretary of Defense may prescribe after consultation with the Secretary of Transportation and subject to subsection (b), the Secretary concerned may grant to any eligible member (as defined in subsection (e)) a leave of absence for a period of not more than two years for the purpose of permitting the member to pursue a program of education.

"(b)(1) A member may not be granted a leave of absence under this section unless—

"(A) in the case of an enlisted member, the member agrees in writing to extend his current enlistment after completion (or other termination) of the program of education for which the leave of absence was granted for a period of two months for each month of the period of the leave of absence; and

"(B) in the case of an officer, the member agrees to serve on active duty after completion (or other termination) of the program of education for which the leave of absence was granted for a period (in addition to any other period of obligated service on active duty) of two months for each month of the period of the leave of absence.

"(2) A member may not be granted a leave of absence under this section until he has completed any extension of enlistment or reenlistment, or any period of obligated service,

incurred by reason of any previous leave of absence granted under this section.

"(c)(1) While on a leave of absence under this section, a member shall be paid basic pay but may not receive basic allowance for quarters or basic allowance for subsistence or any other pay and allowances to which he would otherwise be entitled for such period.

"(2) A period during which a member is on a leave of absence under this section shall be counted for the purposes of computing the amount of the member's basic pay, for the purpose of determining the member's eligibility for retired pay, and for the purpose of time in grade for promotion purposes, but may not be counted for the purposes of completion of the term of enlistment of the member (in the case of an enlisted member) or for purposes of section 1421 of title 38, relating to entitlement to supplemental educational assistance.

"(d)(1) In time of war, or of national emergency declared by the President or the Congress after the date of the enactment of this section, the Secretary concerned may cancel any leave of absence granted under this section.

"(2) The Secretary concerned may cancel a leave of absence granted to a member under this section if the Secretary determines that the member is not satisfactorily pursuing the program of education for which the leave was granted.

"(e) In this section, 'eligible member' means a member of the armed forces on active duty who is eligible for basic educational assistance under chapter 30 of title 38 and who—

"(1) in the case of an enlisted member, has completed at least one term of enlistment and has reenlisted; and

"(2) in the case of an officer, has completed the officer's initial period of obligated service on active duty.".

(b) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"706. Educational leave of absence.".

PRESEPARATION COUNSELING

SEC. 7. (a)(1) Chapter 53 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§ 1042. Preseparation counseling requirement

"Upon the discharge or release from active duty of a member of the armed forces, the Secretary concerned shall provide for individual counseling of that member. That counseling shall include a discussion of the educational assistance benefits to which the member is entitled because of the member's service in the armed forces and an explanation of the

procedures for and advantages of affiliating with the Selected Reserve. A notation of the provision of such counseling, signed by the member, shall be placed in the service record of each member receiving such counseling.".

(2) The table of sections at the beginning of that chapter is amended by adding at the end thereof the following new item:

"1042. Preseparation counseling requirement.".

(b) The amendments made by subsection (a) shall take effect on October 1, 1981.

EDUCATIONAL ASSISTANCE PROGRAM FOR THE MILITARY

House of Representatives,
Committee on Armed Services,
Military Personnel and Compensation Subcommittee,
Washington, D.C., Thursday, June 24, 1981.

The subcommittee met, pursuant to notice, at 10:55 a.m., in room 2212, Rayburn House Office Building, Hon. Bill Nichols (chairman of the subcommittee) presiding.

Mr. Nichols. The subcommittee will come to order.

This morning the Military Personnel and Compensation Subcommittee begins a series of hearings on a new educational assistance program for military personnel. Many members of the Committee on Armed Services and the Congress have sponsored legislation to this end. In my mind, such legislation would be an extremely significant step that will require a careful review by this subcommittee as to its cost, and its impact on recruiting and retention.

The subcommittee has before it six different bills on the subject, including H.R. 1400, as amended, a bill that was jointly referred to this committee and the Committee on Veterans' Affairs that has recently been favorably reported by the Veterans' Affairs Committee.

With the substantial recruiting and retention difficulties the military services have been experiencing during the All-Volunteer Force, it is an entirely appropriate step for the Congress to consider the use of educational assistance programs as an aid to these continuing manpower problems.

One factor we should keep in mind as we commence what I hope will be a full inquiry into the feasibility of such an approach is the current position of the administration. As I understand it, the administration has stated it will present to Congress proposed legislation for an educational assistance program but not until next year. The delay is to permit completion of the current test program directed by the Congress. Fundamentally it will make a decision on the features the legislative proposal will contain. I understand that the President will announce in the next several days the appointment of his defense military manpower task force with a requirement that they report back by Labor Day on this and many other associated issues.

I must frankly admit some sympathy with the administration's position to develop more evidence on the program. Each of the services has unique problems and we do not want to create a specific program until we are sure it is designed to do the most good with the taxpayers' dollar.

We will give the administration a chance to present their position at a later hearing.

This morning we begin our hearings with testimony from a series of distinguished congressional witnesses. The first is our colleague and able member of the committee, Congressman Sonny Montgomery, who is the principal sponsor of H.R. 1400. Also testifying will be a cosponsor of H.R. 1400 and a very capable subcommittee chairman on the Veterans' Affairs Committee, Congressman Bob Edgar. Following the testimony specifically on H.R. 1400, we will hear from our colleague on the subcommittee, Congressman Duncan Hunter, and Congressman Tom Petri, both of whom have been very active proponents of educational assistance programs for the military and sponsors of legislative proposals in this regard.

Our final witness was to have been the Director of the Congressional Budget Office, Dr. Alice Rivlin. However, in view of the number of congressional witnesses and the shortened time available for the hearing this morning, I have rescheduled the Congressional Budget Office and Dr. Rivlin for an early date after the recess.

Before our first witness begins, I'd like to ask my good friend and very able ranking minority member, Congressman Don Mitchell, if he has any remarks.

Mr. MITCHELL. I thank the chairman for yielding. I am looking forward to the testimony of my colleagues. I have a bill also on this subject. I like the concept of the GI bill very much. I used it myself after World War II, and I saw how it helped many veterans make the transition to civilian life.

I also saw how, through education, these veterans earned far more money in their later lives than they probably would have otherwise. So it looks as if it pays back the initial expense. Our concern is that we want to be sure that any bill we do adopt does actually attract and retain. We are doing much better now as you all know in this category of attracting and retaining people for the armed services. We want to make sure we don't lose the momentum we have underway now.

So I am looking forward to hearing the testimony and I thank the chairman for yielding.

Mr. NICHOLS. I would ask the gentleman from Mississippi if he prefers to go vote or go on into his testimony now. What is your wish?

Mr. MONTGOMERY. I have no problems either way. My testimony will be less than 5 minutes. I think you probably could let me testify and then go vote.

Mr. NICHOLS. In that case we will hear from the distinguished gentleman from Mississippi, chairman of the Veterans' Affairs Committee.

Mr. MONTGOMERY. Thank you. I will be brief as my statement will be submitted in full and I would like to summarize it.

Mr. NICHOLS. Without objection.

STATEMENT OF HON. G. V. (SONNY) MONTGOMERY, A REPRESENTATIVE FROM MISSISSIPPI

Mr. MONTGOMERY. Mr. Chairman, I am very flattered that I could be the leadoff witness on H.R. 1400 which is really the GI education bill of the 1980's. We have 120 cosponsors and most members of this subcommittee are sponsors of the bill.

In my opinion, H.R. 1400 was properly referred. It was referred jointly to two committees, the Veterans' Affairs Committee and also to the House Armed Services Committee. As you know, Mr. Chairman and members of the subcommittee, the Veterans' Administration has always administered and taken care of the GI educational bills. And H.R. 1400 provides that the cost of the proposed educational program be shared by both the DOD and the VA. So it was properly referred, in my opinion.

The chairman of my subcommittee, the distinguished gentleman, Bob Edgar of Pennsylvania, who has done a lot of work on this bill, will go into detail on the several provisions of H.R. 1400 which he fully supports. And Mrs. Heckler, the ranking member on the minority side of this Subcommittee on Veterans' Affairs and Education, is fully supportive.

Mr. Edgar and Mrs. Heckler and members of the subcommittee heard well over 100 witnesses on H.R. 1400. Quite frankly, Mr. Chairman, this is the best testimony that I have ever heard from the Defense Department people who administer and handle personnel coming up before the Veterans' Affairs Committee. The testimony that the Defense Department witnesses gave was excellent. I think you will be impressed when you have these witnesses come in from the Defense Department testifying on behalf of the bill. I would like to call to your attention in my statement on page 3—I won't take the time to read it, but it is a statement by General Meyer, Chief of Staff of the Army. It is a strong statement in support of some type of education bill.

As you know, Mr. Chairman, I really would prefer to go back to the draft, to have a limited draft to straighten out our military personnel situation. We do have problems in the military, but I am being realistic and know that we can't get a draft at this time. The President has already stated strongly he is opposed to a draft.

Also, I doubt if this Congress would implement any type of limited draft. So it seems to me that the last effort to make the all-volunteer system work is to come up with some type of GI education bill.

This bill in my opinion which we have before you today—we are not totally locked into the way the bill is drawn up—Mr. Edgar will detail how the bill is drawn up—will attract high school graduates which we need to get into the service.

There is a transferability clause in my bill which provides that a person who stays in the service over 10 years can transfer his educational benefits of 36 months to his or her spouse or to one of their children. This is a very fine retention attraction. People like this.

Yes, this bill is going to cost a lot of money, but I think if we can retain officers, noncommissioned officers, and petty officers in the service and attract new persons in that it will well pay for itself.

As you know, in officer personnel it costs us almost $1 million to train an aviator. If we could keep a few of these people in the service under the GI bill, it would be well worthwhile.

I have talked to President Reagan about the need for a GI bill and he has brought the subject up to me. We have talked about veterans programs twice since he has been President. He has mentioned to me that what this country needs is a GI education bill. I agree with what you say, Mr. Chairman, the high officials in the Defense Department are having some problems. I don't think they've really come down hard on either side whether we have a new educational bill or move along with these test programs.

The Department of Defense has about four test programs out there now, Mr. Chairman, on education assistance for service people and veterans. And the recruiters told Mr. Edgar these test programs are not being implemented. We've got too many tests going on. We don't know really what we're doing. My bill, H.R. 1400, has got a lot of merit to it. If we are going to make the all-volunteer system work, I think we have to take a serious hard look at H.R. 1400.

Thank you, Mr. Chairman.

WRITTEN STATEMENT OF HON. G. V. (SONNY) MONTGOMERY

Mr. Chairman, I appreciate your allowing me to be the leadoff witness on H.R. 1400, a bill that has been reported by the Committee on Veterans' Affairs by voice vote. The measure now shows 120 cosponsors, including many members of the Committee on Armed Services. Mr. Chairman, the bill as amended contains most of the provisions in the bill which I introduced on January 28. The amendments accepted by the committee as proposed by the distinguished chairman of the Subcommittee on Education, Training and Employment, Bob Edgar, of Pennsylvania, were strongly supported by me. The amendments were made following extensive hearings by Mr. Edgar and his subcommittee and, in my view, parallel very closely the views expressed by the overwhelming majority of witnesses heard during several days of debate on the bill. I might add, Mr. Chairman, that when I initially introduced H.R. 1400, the contents of the proposal had been discussed with staff members of my Committee on Veterans' Affairs, the Armed Services Committee, and the military services.

Mr. Chairman in the House I am one of the leading advocates for reinstatement of the draft. I happen to believe that the draft is the real solution for the recruitment and retention problems affecting our armed services today, however, I recognize that given the current sentiment in the Congress, and the President's unwillingness to seek reinstatement of the draft at the present time, we must look at alternative ways to cope with the existing problem.

I believe the enactment of H.R. 1400 will enhance the quality of personnel coming into the Armed Forces. In addition, and equally important, the bill contains incentives that, if enacted, will encourage many members who would otherwise be leaving the service to remain on active duty and complete their careers as a member of the active forces.

Last year during hearings before the Committee on Armed Services on military posture, General Edward C. Meyer, Chief of Staff of the United States Army, volunteered to appear before the committee to express his strong support for some form of GI education for the All-Volunteer Force. Recruitment and retention problems in the Army were so great at that time that he was willing to testify in support of educational incentives for armed services personnel, even though the Office of Management and Budget of the prior administration did not support it. The following paragraph summarizes General Meyer's feelings:

"I believe we need a new comprehensive soldiers' education benefits package. We need it to restore the attractiveness of Army educational opportunities. We need it to provide high school graduates with a strong incentive to enlist. We need it to retain career soldiers, such as the middle manager and noncommissioned officers who train and lead the force. We need it to provide qualified personnel to man and maintain the new equipment and systems of the 1980's. We need it to provide a credible package of postservice educational benefits which will meet individual educational aspirations." In recent testimony before the Veterans' Affairs Committee, General Meyer again expressed strong support for an educational incentives bill.

Military commanders overseas and noncommissioned officers overseas, time and time again, have indicated that an education bill would do more than anything to attract quality personnel and to retain key noncommissioned officers in all branches of the military services. It is for these reasons, Mr. Chairman, that I introduced H.R. 1400 and helped guide it through the Veterans' Affairs Committee. Let me briefly explain what H.R. 1400, as amended, would do.

First, the bill would extend the current 1-year loan forgiveness test program allowing the Secretary of Defense to continue to pay off the education loans of individuals who commit themselves to service after having obtained the Federal benefit to go to school prior to joining the service. Testimony revealed that the pilot program had been successful as a recruitment device.

Second, the bill would provide $300 per month for 36 months of active duty service in the All-Volunteer Force. It would be made available only to high school graduates or those who receive the equivalent of a high school certificate. The obvious intent is to seek out and recruit these individuals to enhance the quality of service personnel. The individual could begin to use his or her entitlement after 24 months of service; however, if the individual was discharged for cause prior to completion of 36 months of service, such individual would not be eligible to receive benefits from the date of discharge or release. The bill demands good service in order to receive benefits and for the first time the Veterans' Affairs Committee is proposing that the individual receive an honorable discharge in order to be entitled to receive benefits after active duty service.

The measure would also allow an individual to receive the maximum entitlement (36 months) for 2 years of active duty and 4 years in the Selected Reserve or National Guard. I feel we must include maximum incentives for participation in the Selected Reserve and National Guard because these two programs are suffering severe shortages of critical personnel. The Reserve and National Guard programs are vital to our total force concept.

Mr. Chairman, this basic allowance for the individual's initial service commitment would be paid by the Veterans' Administration.

Third, if an individual satisfactorily completes the first enlistment period and agrees to serve an additional 3 years, such individual would be entitled to an additional $300 per month for each month of such service. In other words, for 6 years of good active duty service, or 4 years plus 8 years in the Selected Reserve, an individual would be entitled to $600 per month for 36 months.

The cost of this provision of the bill would be paid by the Department of Defense.

The maximum entitlement shall never exceed 36 months. For 3 years of active duty, the individual will be eligible to receive $300 per month or $10,800 to help pay for his or her education. For 6 years of active duty, the individual will be eligible to receive $600 per month or $21,600, the maximum benefit.

Fourth, the committee bill is designed to retain the critical noncommissioned officer personnel that are leaving the services in great numbers. In testimony before the committee, military commanders stressed over and over again the need to provide additional incentives for noncommissioned officer personnel in all branches of the service, especially in the Air Force and the Navy. The bill would provide that if a person serves in the All-Volunteer Force for 10 years, so long as he or she continues to serve, such individual may transfer his or her entitlement to the spouse or child.

Mr. Chairman, in drafting H.R. 1400, I had intended that this provision only apply to individuals who complete at least 8 years of service and who continue to serve in critical skill positions. In other words, realizing we must be very careful with Federal outlays, limited funds would have been targeted to fill critical skills. However, after extensive hearings in Washington and in the field, the chairman of our Subcommittee on Education, Training and Employment, Mr. Edgar, and the ranking minority member of the subcommittee, Mrs. Heckler, recommended that this provision of the bill apply to any member of the Armed Forces who completes 10 years of service. Their recommendation was based on the comments of the highest ranking policymaking officials in all military services, and commissioned officers and noncommissioned officers as well. Everyone who testified before the subcommittee was in total agreement that the provision should not be limited to critical skilled positions.

Of course this makes the bill more costly and such costs will be paid by the Department of Defense. I supported the extension of this provision as proposed by our subcommittee based on the hearing record; however, I recognize since the Department of Defense must bear the cost for this provision of the bill, the Committee on Armed Services is the primary committee to make this decision and I shall support this subcommittee's recommendation on this issue.

The final provision of the bill would provide for an educational leave program for those who wish to pursue their education and return to active duty. It would be discretionary and the secretaries of the services would determine the number of individuals that would be authorized to take a leave of absence from service. As you know, Mr. Chairman, a similar program currently exists in the services.

In closing, Mr. Chairman, may I point out a critical need that is not dealt with in H.R. 1400. We did not focus attention on the matter in the Veterans' Affairs Committee because it would involve amendments to title 10, United States Code.

During hearings before the Veterans' Affairs Committee, it was clearly established that we are experiencing great difficulty in filling certain positions in the Selected Reserve and National Guard. This bill is designed to help solve some of the current recruitment and retention problems, but I think we should do more. Yesterday, I introduced a bill that would expand, to some degree, the educational incentive program now in place for individuals who agree to commit themselves to 6 years of service in these programs.

The Reserve components currently have an education program which is discretionary with the Secretary of each military department. Participation is limited to those individuals with no prior military service who enlist in a high priority unit or who enlist in critical skill areas. This program pays the actual cost of tuition, fees, and books for up to $1,000 in any 12-month period for a maximum of $4,000.

Although the Reserve components have made some advancement as a result of this program, I believe that we need a broader, more comprehensive program for which all members of the Reserve components will be eligible. A bill I introduced yesterday (H.R. 3997) would apply to officers and enlisted personnel without regard to prior service and, as I stated previously, it would be an entitlement program. The measure was worked out in close consultation with individuals familiar with current recruitment and retention problems in these programs. As introduced H.R. 3997 would require:

(1) The individual to be a high school graduate or to hold an equivalency certificate.

(2) Completion of initial active duty training and completion of 180 days in a Selected Reserve unit before benefits could be utilized.

(3) The individual to agree to serve a minimum of 6 years in the Selected Reserve after September 30, 1981.

Terms of the program include payment for up to 36 months of $140 a month for full-time studies; $105 a month for ¾ time; $70 a month for ½ time, and up to $35 a month for ¼ time. The bill would limit study to institutions of higher learning or noncollege, postsecondary study. Educational assistance would terminate upon separation from the Selected Reserve. Should a participant fail to participate satisfactorily in training, he or she may be ordered to active duty for the remainder of the obligated period of service, but not for more than 2 years, or be required to refund a prorata share of the assistance used, plus interest.

I have been advised informally that my bill would cost about $8.7 million in fiscal year 1982 as compared with current program costs of $6 million.

Mr. Chairman, we all know the vital role the Selected Reserve plays in our total force concept. So long as we have an All-Volunteer Force, it is imperative that the Selected Reserve attract sufficient members to meet its quotas, and especially members in the critical skills area needed for our defense posture.

I trust the subcommittee will lend its support to my proposal and that the provisions of H.R. 3997 be included in any amendments to be proposed by the Committee on Armed Services to H.R. 1400 as reported by the Committee on Veterans' Affairs.

Mr. Chairman, with your permission, I ask unanimous consent that a copy of H.R. 3997 and a comparison of current benefits with those that would accrue under my bill should it be enacted be printed as part of the appendix of the hearing record.

The Honorable Bob Edgar, chairman of the Education, Training and Employment Subcommittee, stated during markup of H.R. 1400 by the Committee on Veterans' Affairs, "This bill represents the best that we could devise." I think he is right. It is a good bill. We think our hearing record will bear this out. The provisions of the bill that relate to costs by the Department of Defense, under the exclusive jurisdiction of your subcommittee, will, of course, be carefully reviewed by you and the very able members of this subcommittee and adjustments where you deem appropriate can be made. Very frankly, I cannot imagine our two committees having difficulty in resolving any differences that may exist between them.

Mr. Chairman, some recent reports in the news media indicate the recruitment picture looks somewhat better now than it did 12 to 18 months ago. The numbers may look better; however, no one has suggested to us during extensive hearings held only a few weeks ago that the quality of the service is anywhere what it should be. For that reason alone, I think we should proceed to adopt H.R. 1400 without delay.

Mr. Chairman, Bob Edgar and his subcommittee have worked hard on this bill. They spent many hours in hearings. They heard from more than 100 witnesses and I appreciate his leadership in moving this bill through the Committee on Veterans' Affairs. I also appreciate your cooperation, Mr. Chairman, in scheduling early hearings on the bill reported by our committee. This is a bipartisan effort to enhance the quality of our military services and, to that end, I pledge to you my total support as a member of this subcommittee.

Again, I thank you for permitting me to express my personal views about this legislation.

H.R. 3997

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Selected Reserve Educational Assistance Act".

Sec. 2. (a)(1) Chapter 106 of title 10, United States Code, is amended to read as follows:

"CHAPTER 106—EDUCATIONAL ASSISTANCE FOR MEMBERS OF THE SELECTED RESERVE

"Sec. 2131. Educational assistance program: establishment; amount.
"Sec. 2132. Eligibility for educational assistance.
"Sec. 2133. Time limitation for use of entitlement.
"Sec. 2134. Termination of assistance.
"Sec. 2135. Failure to participate satisfactorily; penalties.
"Sec. 2136. Administration of program.
"Sec. 2137. Reports to Congress.
"Sec. 2138. Savings provision.

"§ 2131. Educational assistance program: establishment; amount

"(a) To encourage membership in units of the Selected Reserve of the Ready Reserve, the Secretary of each military department, under regulations prescribed by the Secretary of Defense, and the Secretary of Transportation, under regulations prescribed by him with respect to the Coast Guard when it is not operating as a service in the Navy, shall establish and maintain a program to provide educational assistance to members of the Selected Reserve of the Ready Reserve of the armed forces under his jurisdiction who agree to remain members of the Selected Reserve for a period of not less than six years.

"(b) Each educational assistance program established under subsection (a) shall provide for payment by the Secretary concerned to each person entitled to educational assistance under this chapter who is pursuing a program of education an educational assistance allowance at the following rates:

"(1) $140 per month for each month of full-time pursuit of a program of education.

"(2) $105 per month for each month of three-quarter-time pursuit of a program of education.

"(3) $70 per month for each month of half-time pursuit of a program of education.

"(c)(1) Educational assistance may only be provided under this chapter for pursuit of a program of education at an institution of higher learning and may not be provided to a person after the person has completed a course of instruction required for the award of a baccalaureate degree or the equivalent evidence of completion of study.

"(2) subject to section 1795 of title 38, the maximum number of months of educational assistance that may be provided to any person under this chapter is 36.

"§ 2132. Eligibility for educational assistance

"(a) A person who—

"(1) has received a secondary school diploma (or an equivalency certificate); and

"(2) after September 30, 1981, and after having received such secondary school diploma (or equivalency certificate)—

"(A) enlists, reenlists, or extends an enlistment as a Reserve for service in the Selected Reserve for a period of not less than six years; or

"(B) is appointed as, or is serving as a reserve officer and agrees to serve in the Selected Reserve for a period or not less than 6 years in addition to any other period of obligated service in the Selected Reserve to which the person may be subject;

is entitled to educational assistance under section 2131 of this title.

"(b) Educational assistance may not be provided to a member under this chapter until the member—

"(1) has completed the initial period of active duty for training required of the member; and

"(2) has completed 180 days of service in the Selected Reserve.

"(c) Each person who becomes entitled to educational assistance under subsection (a) shall at the time the person becomes so entitled be given a statement in writing summarizing the provisions of this chapter and stating clearly and prominently the substance of sections 2134 and 2135 or this title as such sections may apply to the person.

§ 2133. Time limitation for use of entitlement

"(a) Except as provided in subsection (b), the period during which a person entitled to educational assistance under this section may use such person's entitlement expires (1) at the end of the 10-year period beginning on the date on which such person becomes entitled to such assistance, or (2) on the date the person is separated from the Selected Reserve, whichever occurs first.

"(b)(1) The provisions of section 1441(f) of title 38 shall apply to the period of entitlement prescribed by subsection (a).

"(2) The provisions of section 1441(e) of title 38 shall apply to the period of entitlement prescribed by subsection (a) in the case of a disability incurred in or aggravated by service in the Selected Reserve.

§ 2134. Termination of assistance

"Educational assistance may not be provided under this chapter—

"(1) to a member receiving financial assistance under section 2107 of this title as a member of the Senior Reserve Officers' Training Corps program; or

"(2) to a member who fails to participate satisfactorily in required training as a member of the Selected Reserve.

"§ 2135. Failure to participate satisfactorily; penalties

"(a)(1) A member of the Selected Reserve of the Ready Reserve of an armed force who fails to participate satisfactorily in required training as a member of the Selected Reserve during a term of enlistment or other period of obligated service that created entitlement of the member to educational assistance under this chapter shall, at the option of the Secretary concerned—

"(A) be ordered to active duty for a period of two years or the period of obligated service the person has remaining under section 2132 of this title, whichever is less; or

"(B) be required to refund to the United States an amount determined under subsection (b).

"(2) The Secretary concerned may waive the requirements of paragraph (1), or may reduce the amount of any refund under clause (B) of such paragraph, in the case of any individual member when the Secretary determines that the failure to participate satisfactorily was due to reasons beyond the control of the member.

"(3) Any refund by a member under this section shall not affect the period of obligation of such member to serve as a Reserve in the Selected Reserve.

"(b)(1) The amount of a refund under subsection (a) shall be the amount equal to the product of—

"(A) the number of months of obligated service remaining under the agreement entered into under section 2132(a)(3) divided by the original number of months of such obligation; and

"(B) the total amount of educational assistance provided to the member under this chapter,

as increased by interest determined under paragraph (2).

"(2) The amount computed under paragraph (1) shall bear interest at the rate equal to the highest rate being paid by the United States on the day on which the refund is determined to be due for securities having maturities of 90 days or less and shall accrue from the day on which the member is first notified of the amount due to the United States as a refund under this section.

§ 2136. Administration of program

"(a) Educational assistance under this chapter shall be provided through the Veterans' Administration, under agreements to be entered into by the Secretary of Defense, and by the Secretary of Transportation, with the Administrator of Veterans' Affairs. Such agreements shall include administrative procedures to ensure the prompt and timely transfer of funds from the Secretary concerned to the Veterans' Administration for the making of payments under this chapter.

"(b) Except as otherwise provided in this chapter, the provisions of sections 1663, 1670, 1671, 1673, 1674, 1676, and 1683 of chapter 34 of title 38 and the provisions of subchapters I and II of chapter 36 of such title (with the exception of sections 1780(a)(5), 1780(b), 1786, 1787(b)(1), and 1792) shall be applicable to the provision of educational assistance under this chapter. The term 'eligible veteran', as used in those provisions, shall be deemed for the purpose of the application of those provisions to this chapter to refer to a person eligible for educational assistance under this chapter.

§ 2137. Reports to Congress

"The Secretary of Defense shall submit to the Congress a report not later than December 15 of each year concerning the operation of the educational assistance program established assistance program established by this chapter during the preceding fiscal year. Each such report shall include the number of members of the Selected Reserve of the Ready Reserve of each armed force receiving, and the number entitled to receive, educational assistance under this chapter during the preceding fiscal year.

"*§ 2138. Savings provision*

"A member who entered into an agreement under this chapter before October 1, 1981, shall continue to be eligible for educational assistance in accordance with the terms of such agreement and of this chapter as in effect before such date."

(2) The items relating to such chapter in the table of chapters at the beginning of subtitle A of such title, and in the table of chapters at the beginning of part III of such subtitle, are amended to read as follows:

"106. Educational Assistance for Members of the Selected Reserve .... 2131".

(b) The amendments made by this section shall take effect on October 1, 1981, and shall apply only to members of the Armed Forces who qualify for educational assistance under chapter 106 of title 10, United States Code, as amended by subsection (a), on or after such date

Benefits currently available under present chapter 106, title 10 USC	H.R. 3997
Establishment of a program of educational assistance for the Selected Reserve is discretionary with the Secretary of each military department (§ 2131(a)).	Each Secretary is required to establish a program of educational assistance for members of the Selected Reserve under his jurisdiction—it is an entitlement (§ 2131(a))
Pays actual cost of tuition, fees, books up to $1000 in any 12-month period, to a maximum of $4000. (§ 2131(b)(1), (c))	Pays $140 for full-time studies, $105 for ¾ time, $70 for ½ time, up to $35 for ¼ time, for each month of entitlement, up to a maximum of 36 months of full-time study or equivalent in part-time. (§ 2131(b), (c)(2))
Limited to study in "accredited institutions," defined as a civilian college, university or trade, technical or vocational school in the U.S. that provides post-secondary education and is accredited by a recognized accrediting agency. Limited to study for baccalaureate degree or equivalent. (§ 2131(c), (d))	Limited to study at "institution of higher learning" or "non-college degree" post-secondary study, as these terms are used by VA. Limited to study for baccalaureate degree or equivalent. (§ 2131(c)(1))

Benefits currently available under present chapter 106, title 10 USC	H.R. 3997
Persons eligible: enlisted members of the Selected Reserve who are high-school graduates and who enlist for six years or more, with no prior service, after September 30, 1977. (§ 2132(a), (b))	Persons eligible: officers and enlisted members of the Selected Reserve, regardless of prior service, who are secondary school graduates or hold equivalency certificates, and who agree after September 30, 1981, to serve six years in the Selected Reserve from the date of such agreement. (§ 2132(a))
Eligibility does not begin until completion of initial active duty for training. (§ 2132(a)(6))	No assistance may be paid to a member until completion of initial active duty for training and completion of 180 days service in the Selected Reserve. (§ 2132(b))
No equivalent provision.	Secretary concerned must provide each program participant a statement of the provisions of the program, including payback requirements. (§ 2132(c))
Educational assistance terminates upon separation, failure to participate satisfactorily in training, or completion of 8 years of service. (§ 2133(a))	Educational assistance terminates upon separation from the Selected Reserve (except that a member separated for service-connected disability retains eligiblity for 10 years thereafter) or failure to participate satisfactorily in training. (§ 2133, 2134)
In case of failure to participate satisfactorily, member must refund pro rata portion of assistance received. (§ 2133(b))	In case of failure to participate satisfactorily, member may be ordered to active duty for remainder of obligation (but not more than two years), or be required to refund pro rata share of assistance received, with interest. (§ 2135)
No equivalent provision.	Program administered by VA under agreements with Secretary of Defense and Secretary of Transportation. (§ 2136)
Report to Congress required every three months. (§ 2137)	Reports to Congress required annually. (§ 2137)
No equivalent provision.	Member who is entitled to educational assistance under prior chapter 106 retains that entitlement. (§ 2138)
Program terminates (as to new enlistees) on September 30, 1985. (§ 2135)	No equivalent provision.

Mr. NICHOLS. Thank you, General Montgomery. The second bell has rung and let us recess for about 5 minutes and come back to hear you, Mr. Edgar.

General Montgomery, can you come back for questioning?

Mr. MONTGOMERY. Yes, sir.

[Recess.]

Mr. NICHOLS. The subcommittee will come to order.

General, if I might just pursue a question or so with you. What is the cost of this bill?

Mr. MONTGOMERY. The CBO estimated cost on the bill for 1982 and 1983, Mr. Chairman, would be around $22 million—estimated. When it got way out and when it was really in full effect, in 1944 it would be $1.4 billion. For fiscal year 1944, $1.4 billion would be the highest cost for a single year.

Mr. NICHOLS. Excuse me, $1.4 billion in what year?

Mr. MONTGOMERY. 1994.

Mr. EDGAR. If I may answer that question, on page 43 of our report we outline what the bill will cost and the bill before us, H.R. 1400, is in fact cheaper, in the early years, than the original H.R. 1400 as introduced by Congressman Montgomery. Where it gets more expensive is out in the transferability years. It might be helpful for me to explain where the dollar commitments fall.

But the chairman is right. The total cost of the bill in 1986 is $462.6 million. It is not until you get into the out-years of 1990 that it begins to reach a $1 billion figure.

As a percent of the total defense budget we are talking about 1 or 2 percent of the defense expenditure for that year. As the President stated in his West Point speech: "Weaponry alone does not mean security. Wars may be fought with weapons but they are also won by men." That is a direct quote from the President of the United States. I think what we are saying is while the cost does reach a billion dollars by the year 1990 it clearly can be offset with the savings that you get from not having to recycle the training cost so quickly. Also the program is a commitment that is only a small percentage of the total defense budget.

Mr. NICHOLS. Mr. Hunter, do you have any questions?

Mr. HUNTER. No questions, Mr. Chairman. Thank you.

Mr. NICHOLS. Thank you, General. We appreciate your testimony. We may want to talk to you a little later as we get into the bill in some future hearings.

Our next witness this morning is the Honorable Bob Edgar, Representative from Pennsylvania.

Bob, we apologize for the delay. I know that both you and General Montgomery understand that the circumstances are beyond our control.

Mr. EDGAR. Mr. Chairman, let me just begin by asking that my statement in full be considered a part of the record. I would like to include in that statement a set of charts which we have made which I will refer to in my testimony.

Mr. NICHOLS. Without objection, they will be included.

STATEMENT OF HON. BOB EDGAR, A REPRESENTATIVE FROM PENNSYLVANIA

Mr. EDGAR. Mr. Chairman, I want to thank you for holding these hearings and congratulate you on recognizing that education is an important benefit component for the All-Volunteer Force. One of the most important features of my statement, I believe, are the large number of quotes from people who we visited with in Norfolk, Boston, and here in Washington. All of these witnesses talked in a very strong and positive way about the value of education as a recruitment and retention tool.

One Air Force recruiter said, "Increases in pay and bonuses coupled with today's inflation rates have only made the present military an alternative to unemployment and welfare."

Another Army recruiter said, "If we are trying to get a high quality military, we need to be giving potential recruits something more substantial." Both the recruiters and individual military personnel told us to make sure that whatever comes out of your committee is permanent, is easy to understand, is simple and provide an alternative sense of stability to the confusion of all the test programs that have been promoted over the years.

In Norfolk, Va., when given a theoretical choice between a $5,000 reenlistment bonus right now or a $10,000 educational benefit down the road, the majority of the witnesses—this is an important factor—the majority of the witnesses felt the money would be nice, but the promise of an education had more intrinsic value. Certainly an awakening sense of patriotism throughout the country is playing a part as well in raising the recruitment rate.

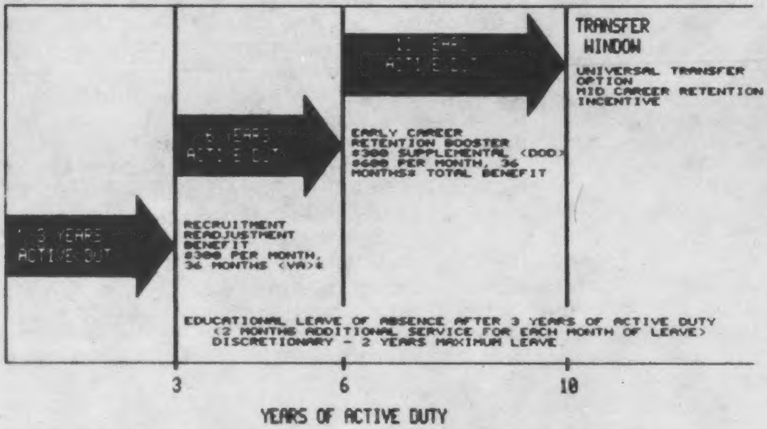
But as the President said again at West Point: "Other than instilling a new feeling of patriotism, there is another way of rewarding those who serve the military." Expressing his full confidence in the concept of the All-Volunteer Force he said, and I quote: "We need to reward military personnel on a scale commensurate with what we ask of them." In other words, patriotism cannot be bought, but it should be rewarded.

The drawing power of the GI bill was clearly demonstrated in the closing months of 1976 when recruiting officers around the country were swamped with potential enlistees trying to take advantage of the last days of eligibility for the Vietnam era education program.

I would like to go into some detail, if you will refer to the charts that we have provided. Basically H.R. 1400 has five sections. First is a loan forgiveness section which provides up to $1,500 of loan forgiveness for those who would be entering the all-volunteer service. The second provision is the base basic benefit level. After 3 years of active duty service personnel will be eligible for a benefit of $300 per month for 36 months.

HR 1400 BENEFIT LEVELS AND SERVICE INCREMENTS

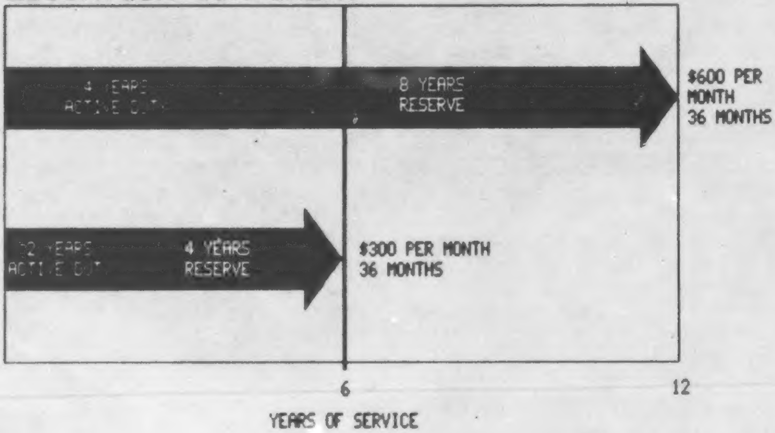
ACTIVE DUTY


3 YEARS
ACTIVE DUTY
6 YEARS
ACTIVE DUTY
10 YEARS
ACTIVE DUTY
TRANSFER
WINDOW
UNIVERSAL TRANSFER OPTION
MID CAREER RETENTION INCENTIVE
EARLY CAREER RETENTION BOOSTER
$300 SUPPLEMENTAL (DOD)
$600 PER MONTH, 36 MONTHS* TOTAL BENEFIT
RECRUITMENT READJUSTMENT BENEFIT
$300 PER MONTH, 36 MONTHS (VA)*
EDUCATIONAL LEAVE OF ABSENCE AFTER 3 YEARS OF ACTIVE DUTY
(2 MONTHS ADDITIONAL SERVICE FOR EACH MONTH OF LEAVE)
DISCRETIONARY - 2 YEARS MAXIMUM LEAVE
3
6
10
YEARS OF ACTIVE DUTY

* DOD "KICKER" AVAILABLE FOR CRITICAL SKILLS

HR 1400 BENEFIT LEVELS AND SERVICE INCREMENTS

ACTIVE DUTY RESERVE SERVICE EDUCATION COMPONENT


4 YEARS
ACTIVE DUTY
8 YEARS
RESERVE
$600 PER
MONTH
36 MONTHS
2 YEARS
ACTIVE DUTY
4 YEARS
RESERVE
$300 PER MONTH
36 MONTHS
6
12
YEARS OF SERVICE

If you look on page 2 of the chart, you will also see that for 2 years of active-duty service and 4 years of reserve duty service personnel can receive the same benefit. The third section of the bill provides that after you reenlist, that is, you are eligible for the basic benefits, but you have reenlisted and you are going to serve a total of 6 years. Completing that 6 years of active duty, your benefits go up to $600 per month for 36 months.

The most unique feature of the bill I believe is the fourth provision. After 10 years of active duty service, 10 full years of commitment to the country and a commitment to stay within the military for 20 years you can opt to transfer those benefits to your spouse or to your children. By that time you will have had $600 a month for 36 months of benefits and that is the amount that is transferable.

Finally, the fifth provision of the bill provides that at the discretion of the secretary, at his discretion only, a service person can take up to 2 years of leave of absence, provided they give 4 additional years of commitment. For every 1 month of education you have to give 2 months of active duty service to the Nation.

Now let me reiterate that throughout our testimony we wanted to be conscious of what was realistic and practical. There was a provision in Chairman Montgomery's original bill for the transferability provision to be available only during a window between the 8th and the 12th year and then, only for critical skills. We discovered in our field hearings that pay and bonuses could be targeted to critical skills, but many of our witnesses from the youngest enlistee to the oldest officer we talked to indicated that education benefits ought to be universal and ought to be provided across the board.

They used the illustration of two people enlisting in the service at the same time. One happened to go into an area where he was doing outside work, climbing poles and providing electrical service into facilities. Another went into computer operations. They both served for 10 years. Someone, by accident or design, decided that the person working inside was in a critical skill the other was not. The inequity arises that one would be able to transfer their benefits to their spouse and the other one wouldn't, if the provision were allowed only for critical skills. Both individuals had the same time in service and performed equally important functions.

And so to summarize our bill we provide a basic benefit, a veterans benefit of $300 a month for 36 months after 3 years—and I might add the traditional Vietnam-era veterans bill is about $343 per month at this point in history, so it is about at that level. And the recruitment incentives are the loan forgiveness provision and the basic benefit. The retention provisions are clearly focused in the second tier of benefits up to $600 and the transferability provision.

And we believe that this bill will provide the incentive to attract a quality enlistee and will also encourage those within the services to remain on active duty.

Let me just add one other thing. We do target our benefit only to high school graduate enlistees. It means that if someone enters the service without a high school diploma, there will be an awful lot of pressure for them to move quickly to get their high school equivalency. All of the military personnel we talked to said that would be a positive benefit to encourage people to get their high school equivalency and to attract people of higher than high school equivalency levels to man our sophisticated military systems.

In Boston, a captain of the special forces, not without a certain amount of outrage, presented our subcommittee with a two-page list of NCO's in his unit who are planning on leaving the Army by June 1. He said: "Special Forces has a reputation of being good and one reason is stability. They know their jobs. But when you start replacing people every 2 years, you lose that stability."

Let me close with this comment. I believe one of the features of our bill that has not been discussed is a hidden benefit derived from the cost savings from the ability to retain people within the military that you've trained. It costs an awful lot of money from the Federal Treasury to train people who in many instances leave military services to go and work in the private sector to provide educational benefits for their family or to get higher pay.

I think one of the real savings of this legislation will be the retention factor for those at the midcareer level. Especially for those trained in critical speciality fields, the cost of attrition is even greater. The Air Force estimates that it pays $6.8 million to train and keep an F-15 pilot with a rank of captain proficient in flight skills. It would lose about half that much again for a C-130 or F-4 pilot who leaves the service to fly for a commercial airline.

Dr. Charles Moskos, the noted military sociologist from Northwestern University testified before our subcommittee that merely cutting the military attrition rate—this is something I would like to underscore—merely cutting the military attrition rate in half would result in a manpower savings in excess of $600 million per year. I think that is an important statement, and I hope perhaps that Dr. Moskos will have an opportunity, if not to testify before your committee, at least to work with your staff in sharing with you some of the profound insights that he gave us.

I commend you for looking at this issue. We think that the bill that passed overwhelmingly in the House Veterans' Affairs Committee and presently has over 120 cosponsors, is a good outline for education benefits and it does provide the direction in which the Nation should go for the All-Volunteer Force. I urge this committee to move as quickly as possible on the legislation.

My hope would be that the President would have a bill on his desk by October 1. Thank you, Mr. Chairman.

WRITTEN STATEMENT OF HON. BOB EDGAR

I want to thank you, Mr. Chairman for your invitation to appear before your subcommittee to present my view of H.R. 1400, "The Veterans Educational Assistance Act of 1981." I greatly appreciate your cooperation and that of the ranking minority member of the subcommittee, Don Mitchell, in agreeing to these early hearings on the bill.

H.R. 1400 has received considerable attention on Capitol Hill in recent months. One hundred and twenty Members of the House, including over half the members of the House Armed Services Committee have joined us in cosponsoring the legislation. We are very grateful for the assistance of the members of this subcommittee and the subcommittee staff in preparation for this hearing. Both Congressman Duncan Hunter and Congressman Bill Whitehurst testified before our committee in support of a new G.I. bill for the All-Volunteer Force. We are pleased to return the favor today.

As you know, H.R. 1400, as originally introduced, came under the jurisdiction of the House Veterans Affairs Subcommittee on Education, Training and Employment. As chairman of that subcommittee, in conjunction with ranking minority member Margaret Heckler, I scheduled a series of six hearings. Our purpose was twofold. First, we wanted to review the purpose and effectiveness of previous G.I. bills. Second, we wanted to draw on that experience in shaping a new education program which would provide the incentive to improve the quality of recruits and retention rates within the All-Volunteer Force. After hearing testimony from nearly 200 witnesses in Washington and in the field, I believe we have met those goals. I believe the bill before you today is a good bill, one that will appeal to recruiters, recruits and career military personnel alike.

We learned from our hearings that the G.I. bill continues to be a valuable readjustment benefit for veterans with wartime service. Apart from that fact, we also documented that education benefits have been a powerful incentive for a cross-section of Americans to join the military and follow a military career. We were told by members of the uniformed services, as well as noted defense manpower and personnel experts, that with proper redesign, a new GI bill can again be a valuable investment in the defense of the United States.

The Congress has voted in recent weeks, at the request of the President, the greatest budget reduction in recent history. At the same time it has mightily increased defense spending. Many decisions will be made in the months ahead on how best to utilize those funds. Certainly there will be arguments over weapons systems, technology and military hardware. But no matter how advanced the hardware, the effectiveness of our defense force rests in the quality of those who will man those weapons.

As the President said recently at West Point, "Weaponry alone does not mean security." Quoting General George Patton, he said, "Wars may be fought with weapons, but they are won by men." And, as he added, won by women as well. "It is the spirit of the men (and women) who follow and the men (and women) who lead that will gain the victory."

Certainly those who serve on this subcommittee are well aware of that quote and its meaning. Your record is very clear among the troops in the field we interviewed. Service personnel and their families within the All-Volunteer Force expressed their gratitude over and over again in finally seeing the long-awaited increases in pay and bonuses passed out of this subcommittee.

Salary improvements have reversed, to some degree, the serious decline in recruits and deteriorating retention rates for midcareerists that we noted during the last half of the 1970's. However, it was very plain from our hearings that salary increases and bonuses alone, while helping cure the short-term problem, could not be totally effective in developing a comprehensive benefit package for all-volunteer service.

A panel of top Army and Air Force recruiters from across the country told our subcommittee in Boston that, indeed, in the past few months, enlistments are up. While at first glance they were encouraged by these numbers, these same recruiters were still concerned about the quality of the recruits they were signing up.

Said one Air Force recruiter: "Increases in pay and bonuses, coupled with today's inflation rates have only made the present military an alternative to unemployment and welfare."

"We are trying to get a high quality military," said an Army recruiter. "We need to be giving potential recruits something more substantial."

Our testimony showed that recruitment incentives based solely on compensation were directed toward a pool of recruits seeking a way out of hard times and not a meaningful route into a quality career in the military. The result is a form of economic conscription even more inequitable than the draft.

According to these witnesses, education incentives, as contained in H.R. 1400, could effectively balance this benefit equation.

Most of the younger recruits we interviewed, out of more than 100 service personnel, said they joined the service to: Better themselves; to learn a skill; to acquire a profession; and to get an education. Of course, the money was important to them, but the quality troops had their eye on more long-term goals.

In Norfolk, Virginia, when given a theoretical choice between a $5,000 reenlistment bonus now, or $10,000 of education benefits down the road, the majority of witnesses felt the money would be nice, but the promise of an education had more intrinsic value.

Certainly, an awakening sense of patriotism throughout the country is playing a part as well in raising the recruitment rate. But as the President said, again at West Point, "Other than instilling a new feeling of patriotism, there is another way of rewarding those who serve in the military." Expressing his full confidence in the concept of the All-Volunteer Force, he said: "We need to reward (military personnel) on a scale commensurate with what we ask of them."

In other words, patriotism cannot be bought, but it should be rewarded.

The drawing power of the G.I. bill was clearly demonstrated in the closing months of 1976 when recruiting offices around the country were swamped with potential enlistees trying to take advantage of the last days of eligibility for the Vietnam era education program. From that point on we have been trying to operate an All-Volunteer Force and encourage recruitment with education benefits far below those offered to military personnel under draft conditions. Many of our witnesses agreed that the drastic reduction in the quality and quantity of recruits from 1976 to 1980 is directly attributable to that loss in education benefits. While at the same time, billions of dollars were authorized for Federal education grants to students who had no obligation for national service.

Both the Veterans Administration and the troops in the field have called the contributory "veterans educational assistance program" (VEAP), which replaced the Vietnam ERA G.I. Bill, an abysmal failure. Participation rates for training within the VEAP program have consistently fallen below projected levels. Out of approximately 350,000 service personnel who have paid into the program since 1976, nearly half, (157,000) have either stopped making contributions (59,000) or have cashed out of the program entirely requesting refunds (98,000) according to the Veterans Administration.

One Army specialist stated the problem with VEAP quite clearly at our Boston hearing.

"I've talked to a lot of troops in my unit (and asked) how VEAP helped or hindered them" he said. "If (the young soldier) has a choice of $50 for VEAP, or $50 to pay the utility bill, VEAP falls by the wayside."

For this man, and for many others we spoke with, VEAP was only "money out of pocket." In addition, the short-term sacrifice was not worth the long-term benefit in total education purchasing power. Supporters of VEAP and other contributory proposals have said that such programs can work if salaries and benefits are raised. However, to be truly effective and equitable, any contributory program would have to rely on major across-the-board salary increases for service personnel of all ranks. In reality, the present military incremental salary scale and the proposed targeted increases for the All-Volunteer Force would always discriminate for education benefits in favor of the "haves" against the "have nots." Such a program does, and would continue to discriminate against the young recruit trying to build a future for himself and his family within the All-Volunteer Force.

Through April 1981 out of the entire All-Volunteer Force, only 6,267 VEAP participants have entered training. Almost one thousand (984) of those individuals are currently listed on the VA's books as "accounts receivable", owing outstanding overpayments to the Federal Government. This fact alone demonstrates the administrative difficulties and the potential abuse inherent in this or any other contributory program.

While the VEAP program provides no recruitment incentive, the 1989 termination date of the Vietnam ERA G.I. bill is, according to our testimony, forcing many experienced midcareer service personnel to leave the service early in order to utilize that benefit. H.R. 1400 would grandfather them into the new program.

From the standpoint of education benefits the All-Volunteer Force is in a vacuum. I can applaud the rationale used by this committee last year in authorizing an expansion of the current test education programs. The current movement to stear toward the reinstitution of the G.I. bill stemmed from that effort. However, I am concerned about both the expense and the morale problems caused by offering such a wide variety of benefits in so many different locations throughout the country. I believe we have enough information, based on our past and current experience with the G.I. bill to proceed with a simple straightforward education program now.

We were impressed during our hearings and interviews with service personnel with the confidence and pride they held in their service. However, we also noted a growing sense of frustration over a perceived decline in the quality of military life. In many instances this decline in the quality of life for military personnel and their families was not commensurate with the demands placed upon them by their service. Faced with the attractions and rewards of civilian life, including education benefits for themselves and their families, many of these individuals had already considered or were planning to leave the service.

As one Navy petty officer in Norfolk put it: "When you are called out at 2 a.m. in the morning, or are on-board ship for six months at a stretch, you can take pride in your work, but you worry about your family. You worry about being away from them; and you worry about your future and their's." He went on to say, "bonuses and pay increases are necessary if you want to keep bread on the table, or just to keep your head above water. But there is very little incentive in just making ends meet."

In Boston, a captain in the special forces, not without a certain amount of outrage, presented our subcommittee with a two page list of NCO's in his unit who were planning on leaving the Army by June 1. He said: "Special forces has the reputation of being good, and one reason is stability. They know their jobs. But when you start replacing people every two years you lose that stability."

Only one month before, Army Chief of Staff General Edward C. Meyer made the same statement before our subcommittee. He cited turbulence caused by attrition and deteriorating retention rates as one of the most serious problems facing the Army today.

Both in our hearings in Washington and in the field there was a general consensus among these individuals and many others that a solid education program could help stabilize the All-Volunteer Force and reverse this attrition. Included within H.R. 1400, apart from the basic and supplemental benefits, are two major retention incentives: A leave of absence provision, and an option to transfer educational entitlement to dependents.

Mr. Chairman, I would like to submit for the record several charts depicting H.R. 1400, and while doing so explain the graduated benefit levels provided by the legislation.

Following the basic $300 recruitment benefit and the early career booster supplemental, H.R. 1400 authorizes servicemembers to transfer that entitlement after 10 years to their dependents if they so wish.

Transferability may be the most controversial provision of H.R. 1400. However, it was clear from our testimony that it was the most crucial and also the most popular retention device within the legislation. I believe that the testimony from the six hearings we held will fully substantiate this fact. For the servicemember concerned about the welfare of his family and the long range implications of a military career, transferability affords that individual an opportunity to make a concrete investment in his family through his own service.

One of the major modifications we made in H.R. 1400 was to expand the original authorization for transferability, originally targeted only to critical skills, to a universal provision available to all military personnel. Service personnel from company commanders to privates told us of the inequity of providing an education benefit for some dependents and not others. They indicated that they could accept the concept of using pay and bonuses as an incentive for critical skills, but that a basic benefit such as education or health care ought to be provided across-the-board.

One Army major stated, "Linking transferability to certain M.O.S's would create turbulence by encouraging soldiers to jump from one M.O.S. to another."

Another first lieutenant asked: "How can you ask someone to be cold, wet and miserable in the combat arms if that soldier was denied transferability while others were granted it."

We feel that universal transferability can be an effective retention incentive. We also strongly urge and recommend that it be made available across-the-board to both spouse and child.

I realize that the cost of H.R. 1400 is of some concern to the members of this subcommittee. As you can see the cost is split between the Veterans Administration and the Department of Defense. The VA will administer the program and be responsible for the cost of the basic benefit after 3 years. The Department of Defense will pay for the supplemental benefits after 6 years, and the transferability provision after 10. There is no appreciable cost to the program until 1984.

I understand the Congressional Budget Office will testify before the subcommittee on the cost estimates they have provided the House Committee on Veterans Affairs. While CBO may be reporting on the costs of the legislation, I believe it is important to note the cost savings and the benefits derived from the bill.

In 1979 the Government Accounting Office reported that 444,000 first-term volunteers had left the service between 1974 and 1977 before completing their initial enlistments. The cost to the Federal Government for this loss was $5.2 billion.

At the same time the Department of Defense projected that up to an estimated one-third of active duty male first term enlistees from fiscal year 1976 to fiscal year 1978 failed to complete 3 years of initial service. "Mostly because of lack of aptitude or motivation."

Current DOD data indicates that high school graduates are twice as likely to complete their full enlistments than are high school dropouts. H.R. 1400 would attract only high school graduates.

The GAO estimates that each attrition case costs the government $12,000, including basic enlistment costs, initial training and service costs.

For those at the mid-career level, especially those trained in critical specialty fields the cost of attrition is even greater. The Air Force estimates that it pays $6.8 million to train and keep an F-15 pilot with the rank of captain proficient in flight skills. It would lose about half that much again for a C-130 or F-4 pilot who leaves the service to fly for a commercial airline.

Dr. Charles Moskos the noted military sociologist from Northwestern University, testified before our subcommittee that merely cutting the military attrition rate in half would result in manpower savings in excess of $600 million per year.

Furthermore, judging from our past experience with previous G.I. bills, for every dollar invested in an education program, the Federal Government has received three in return from higher taxes paid by those who have received that education.

Apart from being cost efficient, H.R. 1400 will be a good investment in the All-Volunteer Force. The investment made in improving the quality of personnel will pay off in improved efficiency and a more effective defense for the United States. The incentive provided by education benefits will not only improve the quality of military personnel, but will attract and draw on a more representational and equitable cross-section of the Nation's population.

In closing, the recruiters, the military personnel, and the experts in Washington and in the field taught us a very valuable lesson. They said:

"Give us a new G.I. bill. Make it simple, easy for recruiters to explain, and recruits to understand. Make it equitable. Use pay incentives and bonuses for critical skills. But education should be across-the-board. Allow us all the opportunity to educate our families. Do not discriminate between different branches of the service, or different occupations within those branches. Make the benefit levels high enough to be meaningful, but not too high to force people out of the system to use that benefit. Make the G.I. bill permanent." They said, "It is time to stop switching signals on the education benefits for the All-Volunteer Force. And, above all," they said, "We need this recruitment and rentention tool now."

I realize that is a tall order. But we have attempted to include the spirit of those guidelines within H.R. 1400.

As I mentioned in the beginning of my statement, I believe we have brought a good bill before your subcommittee. I want to thank you, Mr. Chairman and the members of the subcommittee for your invitation to testify today. I also want to express my deep appreciation to the chairman of the House Committee on Veterans Affairs, Sonny Montgomery, the original author of H.R. 1400, for his great assistance and strong support for the amendments we made in his bill.

Mr. NICHOLS. Thank you, Mr. Edgar.

Did I understand you to say that the transfer feature of this bill would not take place until after the man had served in the military in uniform for 10 years.

Mr. EDGAR. That is correct.

Mr. NICHOLS. There is no transfer right whatever unless he has 10 years' service?

Mr. EDGAR. That's correct.

Mr. NICHOLS. A leave of absence—I presume you are talking about people who are in the military and who have come to the point, "well I better go to the school, if I'm ever going to go, and I would like a leave of absence to take advantage of it;" that is, a man who has 6 years credit.

Mr. EDGAR. That's a good example, if the person has 6 years and has a 6-year credit and he wants to stay within the military rather than leaving to take their benefits. At the discretion of the Secretary that person could be given the privilege of leaving active duty for up to 2 years of education committing himself to return to the military for 4 additional years. The military would then get a higher level or higher educated person with perhaps a management skill to help better manage a particular field operation.

Mr. MONTGOMERY. Mr. Chairman, may I comment on one other subject?

Mr. NICHOLS. Certainly.

Mr. MONTGOMERY. My testimony pertains to the National Guard and Reserves nationally. I believe and recommend that the Reserves be considered for some type of educational benefit. My proposal was thought out working with the Defense Department and with the National Guard Bureau and also the Reserve group over in the Defense Department. Since my proposed amendment relates to the Reserves and the National Guard it would be more appropriate to offer my amendment to this subcommittee because title 10, United States Code, that would have to be amended really comes under the jurisdiction of this committee. And, therefore, I'm just letting you know this. To move along with the bill there will be an amendment offered in the subcommittee that would provide educational benefits for those who join the National Guard and the Reserve. It will certainly be a plus incentive for attracting reservists to stay, in the Reserve program.

They would be not as eligible and not receive as much as $300 to $600 per month of educational benefits but around $140 a month. This would not take away from the attraction of a person going into the regular service and getting a GI education. The purpose of my proposed amendment will be trying to keep their reservists in the Reserve program and offer something in educational benefits which may be used after completing active duty for training.

Some of the States do have educational benefits, including my State, as an attraction for the Reserve.

Mr. NICHOLS. $1.25 million—the figure of $1.5 billion as the cost in 1984 did not include the Reserve Forces?

Mr. EDGAR. That is not quite correct. If the chairman would yield. As our chairman has indicated, the National Guard issue is not dealt with adequately in our bill because we didn't have jurisdiction or didn't feel we had jurisdiction. The Reserve component, as you can see by the chart to my right, is included. For 2 years of active duty and 4 years in the Reserve you get the basic benefit and for 4 years of active duty and 8 years in the Reserve you get the second level, second-tier benefit. The $1.4 billion cost in 1994 includes that amount of Reserve education funding. What is not included is any National Guard funding that the chairman has talked about or any additional amendment.

Mr. NICHOLS. Do you have any costs associated with the National Guard?

Mr. MONTGOMERY. The first idea that I am talking about rather nominally would be a little more than $8 million for the first year to include the National Guard and the Reserve and it would go up proportionately for the next 2 years.

Mr. EDGAR. One thing I did not make clear in my testimony, Mr. Chairman, is that the first line of benefits, that is, the first 3 years of benefits will be paid for by the Veterans' Administration, so that the commitment by the military is a second line of benefits plus bonuses.

The Defense Department would be responsible for tier two and the transferability provision. But the first $300 benefit would be considered a Veterans' Administration component in our legislation.

Mr. **Nichols**. In your witnesses that you heard from, to what extent did you give recruiters, recruiting officers—did they testify from all services?

Mr. **Edgar**. Mr. Chairman, if I may answer that question, they not only testified in Norfolk but in Boston. We made a special effort to bring in recruiters from all over the country, particularly in areas that had several of the special tests implemented. We had a recruiter from the Minneapolis-St. Paul area. And we had others from up and down the northeast region of the country from all of the services. There are some specific quotes in my testimony by recruiters who laid out what they thought this bill should include and how it should be drafted. They were very strong in their support that any education program should be simple and easy to understand.

They made an interesting point with us in that they expand a great deal of the effort going out to colleges and to high schools teaching principals and parents as well as students about what benefits are available. They have to be impressed by the benefit programs as well as the potential recruit. But we think that the experts and recruiters that we heard from in Washington as well as out in the field give us a full range of views. They too underscored what General Meyers said, and that is, we live in turbulent times and the whole recruitment business is very turbulent at this point and a GI education bill will bring some stability to that turbulence.

Mr. **Montgomery**. Mr. Chairman, let me add to that and say that I heard part of the testimony and we were told by the different services that there is confusion. We have about three to four tests out there now on educational bills and I know the House test bill and the Senate test bill that we passed last year has not even been implemented by the Air Force. It is just too confusing for them and they've just been taking what's on board now.

So really we either need it or we don't need it. The testing is just going to delay it. And what we need is something simple that is easy for the recruiter to understand, whether we go with this bill or what.

But we ought to simplify it and cut it down to one type of program and let them understand it and go out and sell the program.

Mr. **Nichols**. I want to ask you in your talking to the recruiters did you ask them to make a comparison as to what a GI bill would do to them vis-a-vis what bonuses, enlistment bonuses, would do in helping with the recruitment? Did you have any testimony do you recall on that?

Mr. **Edgar**. As I recall the testimony, particularly the testimony in Norfolk and in Boston, the recruiters said they really need a tool chest. They need bonuses in certain critical skill areas and they need benefits that are equitable, fair and across the board. To a person, every recruiter we talked to said that the GI education bill would in fact be a benefit that would be sellable. All of them recognized that on December 31, 1976, the termination of the Vietnam-era GI bill, there was a dip that took place in both the quality and quantity of reservists. When you asked them the specific question: "What was the reason for the dip," it was the effort that Congress made at the request of President Ford to do away with the Vietnam-era GI bill. They felt that retaining the GI bill would be a significant contribution to their benefits.

Specifically, in Norfolk they said given the hypothetical, if you had $5,000 of cash bonus or $10,000 of education they said while the cash would be nice, we think the long-term education benefits would be more of an incentive. We were actually frankly surprised at that answer because we thought, as many people do, that only the cash bonus, the cash in hand would appeal. One of the recruiters said, unfortunately, often with the cash bonuses you get a body but not necessarily the kind of body that cares about making the military a career. An education incentive can give you a body that has more of a commitment to long-term service within the military.

Mr. NICHOLS. The reason I asked you that question is I am getting some feedback exactly 180 degrees from what you testified in regard to recruiters. I've talked to some recruiters in the field. I want to talk to some more—I wish I had polled them already to just get an answer to these questions.

When I put the question on Armed Services Day in my district to some recruiters, the response I got was, Mr. Congressman, the thing that the young people so many of them will come in to see us about, they want to know what you can do for me now, what's up front in it for me—a $5,000 enlistment bonus in the infantry and artillery and armor to them. Yes, they wanted the GI bill—I don't mean to deny that, but they felt like the other was a better recruiting tool for them than perhaps the GI bill, if they had to choose between the one or the other. That's why I asked the question.

Mr. MONTGOMERY. Mr. Chairman, I think that points up one of the problems we are having in the All-Volunteer Force now. We are getting some excellent recruits and people that come into the service and then we are getting some that are looking for the cash dollar and are financially in trouble. They've got problems at home and they're looking for money. If we could attract the young man and young woman that wants an education, it would be better for our Nation in the long run, whether they stay in the service or not.

I think one of the problems we are having now is that a lot of these kids get in trouble and they are looking for the buck and they come into the service.

Mr. NICHOLS. Your point is well made, General. I agree with you the type of individual who would be attracted to an educational benefit package, you would seem to think he would be more apt to be the kind of individual we would want to recruit to stay in the military.

Mr. EDGAR. Mr. Chairman, if you would yield. They did say one other thing that I think was underscored by Sonny Montgomery and that is that with all of the test programs out there and the instability in what we are offering them to use in their tool chest to recruit people, that there's a great deal of uncertainty and fluctuation out in the field. One recruiter in one district can offer one benefit and one recruiter in another cannot.

Across the board, every recruiter said to us after we asked those specific questions that you have asked: "make it dependable, make it consistent, make it equitable, make it across the board and make it something that we can utilize as a long term benefit." They saw the VEAP program as ineffective and underutilized, coupled with the test education program they had another set of regulations making it very difficult to teach our recruiters how to recruit.

Those recruiters said it was very difficult to know what the regulations are on a day-to-day basis.

Mr. NICHOLS. One final question. Has the Department of Defense provided any figures to either of you gentlemen as to what we might expect in the way of payback in terms of recruitment and in terms of retention? We create GI bills, we raise military pay in order to attract and retain people. Do you have the figures on that?

Mr. EDGAR. As far as I understand it, they've modeled a few figures and I think there are three paybacks and I think you need to ask them directly what their figures would be.

Mr. NICHOLS. I intend to do that.

Mr. EDGAR. But the three paybacks I think you need to keep in mind, first the payback that we get from the savings in training as we retain people. The second payback we get is for every dollar we spend, we estimated on the old GI bill we got $3 back into the Federal Treasury because of better tax benefits that those people were paying back to the Treasury.

And the third payback we get is the higher caliber of person within the all-volunteer service. Now in terms of the actual dollar figures of payback or the actual numbers of people that we will be able to retrain and recruit with this incentive, it is very hard to model that and to make guesses. We can only go back to 1976 and discover that when the GI bill was terminated the negative payback was enormous.

And between 1976 and 1980 had we not terminated the GI bill we might find that the recruitment and retention needs might be far different from what they are today.

Mr. NICHOLS. Mr. Hunter, do you have any questions?

Mr. HUNTER. Just a couple, Mr. Chairman.

I applaud both of you gentlemen for your presentations and I think that—I applaud the simplicity of this bill because I think it is important—and in my forums and conversations with military people I think I have established one thing and that is the salesmen for recruiting are not just the recruiters themselves but the families and spouses of the people who are thinking about either staying in or going into the service. Most people know what the GI bill is. When we have the GI bill working for us, we've got thousands and thousands of people in this Nation who have utilized the bill itself and I think that a study showed that the families of people who are thinking of going into the service or who are in the service are extremely influential in their ultimate decision to participate in the Armed Forces.

I remember one recruiter told me when I asked him about the money versus the bill, his answer was that an education really is the only mechanism that in and of itself upgrades the quality of the future of the GI as well as the service. And it really is the best vehicle for retention and recruitment.

Mr. EDGAR. If the gentleman would yield, I think the gentleman has made a good point. In responding to the chairman's earlier question, on page 10 of my testimony I share with you a statistic that was provided by the General Accounting Office. In 1979 the

General Accounting Office reported that 444,000 first-term volunteers had left the service between 1974 and 1977 before completing their initial enlistments and the cost to the Federal Government for this loss was about $5.2 billion.

So anything we can do to impact into that first-term loss of trainees will help in the savings of some of that $5.2 billion and I think maybe a large part of the payback.

But directed to your comment, I think that we do have to provide both education and targeted pay benefits, targeted pay bonuses for certain critical skills. We are in a period of time, as the chairman has suggested, where the All-Volunteer Force is in question. But we are also in a period of time where the President has indicated that he is not a supporter of returning to any kind of selective service or draft situation.

I believe that for the Nation as a whole, reinstituting an All-Volunteer Force GI education bill is probably the best contribution we can make, along with the pay incentives that we began to make last year, being the two tools to retain and recruit persons within the service. Failing to do that I think will continue to shuffle with the personnel problems within the service and perhaps we will find ourselves 5 or 10 years from now looking to another way to provide defense for our Nation which could be even more expensive.

Mr. NICHOLS. Thank you gentlemen, I appreciate your testimony. Our next witness is our colleague, Mr. Hunter.

Mr. HUNTER. Good afternoon, Mr. Chairman. I have a statement that I would ask be considered a part of the record.

Mr. NICHOLS. Without objection, it will be made a part of the record.

TESTIMONY OF HON. DUNCAN HUNTER, A REPRESENTATIVE FROM CALIFORNIA

Mr. HUNTER. In light of the thorough testimony that was presented previously, I'm going to simply highlight a few of the things I found to be interesting and important in pursuing the GI bill forum in my district in San Diego and also in numerous town hall meetings and forums since the GI bill forum.

In March, I held a GI forum in conjunction with the Fleet Reserve Association; Bob Nolan, the executive secretary of the Fleet Reserve Association, is present today. The purpose of this forum was really to ask the enlisted people in the service—we had all the services attend—what they wanted to see in the GI bill. I'm going to tell you a few of the points that were brought up and some of the emphasis that was placed by not only the enlisted people, but a number of the recruiters who attended.

I think the first point is that VEAP has failed miserably. This was repeated over and over again by the large number of enlisted people who attended and who testified. I think we had 39 witnesses. Incidentally, the witnesses had had brainstorming sessions and put out polls; their testimony represented the feelings of thousands and thousands of people who are stationed in the San Diego area.

To a man and a woman, they thought that the voluntary program failed simply because there are not enough bucks in the military household, the enlisted military household, to keep many of them off the food stamp rolls, much less contribute to an education. That point was established very early. I think that the biggest asset of the new GI bill is going to be transferability. We had an interesting conversation regarding transferability. Everybody is for it and I think it is going to be very important. It is going to change the nature of the GI bill completely from a vehicle that was good for motivating people to get into the service, but was not good for retention.

I look at my own experience. I served in Vietnam and the day I got back I got out so I could go to college on the GI bill. Transferability is going, in my estimation, to make the GI bill an instrument for retention. From the people who attended, and particularly the recruiters, it was evident that the 10-, 12-, or 14-year veteran right now who is thinking of getting out of the service—because he feels he needs to go to work for Hughes Aircraft, for example, instead of staying in the Navy—if he could make enough money to educate his children, he would be motivated to take a second look and I think to stay in the service.

The difference of opinion on transferability, however, arose on whether the transferability should be applicable only to the children of the GI or to the children and the spouse. It was quite interesting. The younger members of the Armed Forces, almost to a man, wanted to have transferability to spouses. The older gentlemen, the senior petty officers, felt that some of the young guys had stars in their eyes and they wanted to see transferability restricted to children.

I cannot predict exactly—it would seem to me that it may be difficult, particularly in a State like California with community property laws, to simplify the transferability. If it does go to spouses, it should be in a way that we are not going to have a lot of court problems. I am thinking of a scenario where you have a gentleman in the service or lady in the service whose spouse has used up perhaps half of his or her GI benefits and you have a dissolution: Who gets the other half of the benefits? If it is subject to the community property laws, a number of legal questions could arise.

The split was basically between the older and the younger members of the Armed Forces and it was just about even, as I recall. I think one other point that was made so well by Chairman Edgar and General Montgomery is that the bill is going to have to be evenhanded. And this point was driven home time and again by our witnesses. They think the fellow who paints the ship is just as important as the guy who fires the weapons system; nobody wanted to see anything other than completely across-the-board, evenhanded treatment.

One other thing I think is important. We had a number of recruiters say that the bill should be kept as simple as possible. I like H.R. 1400. I think it does that. It was reiterated by the recruiters that the families have a great deal of participation in whether or not a person stays in the service or joins the service. When they're sitting around that breakfast room table and they're talking about whether the member of the family should go into the service or stay there, it is important that the bill be simple so they don't have to have an attorney to assist them in evaluating whether, if the young man or lady pursues a certain MOS, he's going to have a better GI bill than if he pursues another one. So the simplicity is very important not just from the point of the recruiter selling the program but also for the general public in our Nation who have utilized the program and whose relatives are involved in perhaps deciding whether to go into the service or stay in. I like transferability myself. It is a part of my bill. I had mine limited to the children. Obviously, they are going to have to be college age and perhaps there is not going to be as much of an immediate financial drain on the Treasury if it is limited to children rather than going to spouses, because spouses presumably would be able to use it immediately, even while the children are at a young age.

Thank you very much. These are the highlights of our program.

WRITTEN STATEMENT OF HON. DUNCAN HUNTER

Mr. Chairman: I congratulate the Subcommittee on holding these hearings on H.R. 1400, the Veterans Educational Assistance Act of 1981 and appreciate very much your affording me the opportunity to give you my views on this most important subject.

There is no doubt in my mind that today there is great concern among all our citizens as to the shape our Armed Forces are in. Almost daily, articles appear in the press concerning our readiness, our ability to wage war and win, the problem of retaining key personnel and in recruiting and retaining the quality individuals so necessary to the future functioning of our military services.

We have heard of Navy ships unable to go to sea for lack of experienced petty officers, of Army units rated non-combat ready because of a shortage of noncommissioned officers, of Air Force crew chiefs leaving the service because they are forced to moonlight in order to earn enough money to support their families.

Adequate pay is obviously a prime factor in recruiting and retaining service personnel, and under the leadership of our Chairman, our Subcommittee has done and is doing a lot of work in this area to alleviate the inequities involved.

But another, and I believe equally important concern of the men and women of our Armed Forces is that of education, and I again compliment the Subcommittee for addressing this area.

As we all know, the Vietnam-era G.I. Bill went out of business in 1976, with the provision that those covered under that Act would use their benefits by 1989 or lose them. Let's face it. A young man or woman who wants to stay in the service for a full term, but also want to avail themselves of their educational benefits have a tough decision to make. In numerous cases, these people are coming down on the side of getting out, and these are the people we need to keep the most.

I have talked with any number of active duty and former service personnel on the subject of education and both they and I are convinced that a new veterans education benefit law would be one of the best recruiting and retention incentives that we can have.

To get an even better idea of what's on the service member's mind, this past March, the Fleet Reserve Association and I held a "G.I. Bill Forum" in San Diego. The Forum lasted all day, and we heard from 39 witnesses, ranging from an E-4 with three years of service, to an E-9 with thirty years. Each of the witnesses was the spokesman for his contemporaries—ships crews, air wings, personnel attached to shore commands, and the hall was filled with other interested service members, with whom we also had a chance to talk.

Let me give you some of the flavor of their comments:

From an E-4: "You want better quality personnel in the military, bring back the G.I. Bill. It's as simple as that."

From a senior chief petty officer: "There is more involved here than just the G.I. Bill. Part of it is how to educate the military."

An Army Sergeant First Class said, "The G.I. provides enlisted personnel with an upward mobility, and as a recruiting incentive, the G.I. Bill is the best thing we can do."

And an E-3 followed that by saying, "Let's face it. Education is the most attractive proposition you can offer a person in today's world, where to live better, you must be better educated."

Let me summarize the main points the witnesses made:

1. Any new education program should be non-contributory.
2. Critical skills should not be a factor in determining an education benefit, but should be dealt with by other means.
3. Maximum benefits should accure after at least eight years of service.
4. The transferability option caused the most comment. The overwhelming majority said that transferability should be a part of a new G.I. Bill, otherwise it would not do much in the retention area. All witnesses said that the transferability option should only be earned after ten years of service.

All the witnesses said that the present Veterans Educational Assistance Program, or VEAP, was a complete failure, and that only about 5 percent of participators remain in the program.

Mr. Chairman, I believe H.R. 1400, with the exception of the critical skills factor, contains basically what we were told in San Diego should be included in any new G.I. Bill, and I enthusiastically give it my endorsement.

President Reagan has stated his strong support for the All-Volunteer Force as the only alternative to a draft. I would agree, and that's why I believe our Armed Forces need a simple, permanent, straightforward education program that will send a signal to our military personnel, and those young people in the civilian world who might be thinking about a military career, that we care about our Armed Forces and are taking all possible steps to upgrade the quality of life. I feel that H.R. 1400, the Veterans Education Assistance Act of 1981, can provide such a signal—a long-term incentive to both attract and retain quality individuals to serve in the defense of this nation.

Mr. NICHOLS. Thank you, Mr. Hunter. I appreciate your testimony. Our final witness is the Honorable Thomas Petri, the Representative from Wisconsin.

TESTIMONY OF HON. THOMAS E. PETRI, A REPRESENTATIVE FROM WISCONSIN

Mr. PETRI. Thank you very much, Mr. Chairman. I appreciate the opportunity to testify here. I would just like to talk very briefly about one section of the bill on page 28, section 5. It extends for an additional 2 years the student loan forgiveness program which was adopted by Congress last year. As I suspect you are aware, the Department of Defense through no fault of its own has taken time to implement the program. It was supposed to be in operation in January, but many branches of the recruitment program simply weren't aware of it at that time and are just beginning to become aware of it. Mr. Montgomery's bill contains a 2-year extension of the loan forgiveness program. And I would like to ask, if possible, if it looks as though this bill may not be moving before October 1, all the way through the legislative process, rather than see a hiatus in the test program, if it would be possible to take this section and put it into the DOD 1982 authorization. The original bill was put into the 1981 authorization. That would provide for continuity in the test program.

I would like to have the opportunity to at least discuss offering an amendment or having someone else offer an amendment on the floor when that bill comes up.

Second, I and others in our office have been working with some of the people in the Defense Department to try to come up with ways of actually calling this program economically to the attention of the target population, people who have student loans outstanding. Those loans are made in most cases through local financial institutions but when repayment time comes many of them are turned over to the Federal Government. And we have some people who send out bills and all of that. We are all familiar with getting our monthly bank statements with some promotional literature in it for a particular thing that the bank may be promoting, and I don't think there's any reason why those people shouldn't be willing to cooperate by inserting something, perhaps even with an 800 number, saying if you're tired of paying this loan, you ought to investigate signing up for the Reserves or perhaps seeing one of the branches of the Armed Forces and signing on and taking advantage of the loan forgiveness program which exists.

I suspect most people don't know about it. Most recruiters are targeted in on high school populations in their towns, not college populations. In college communities they may be doing some, but it is mainly through ROTC, and it would be very economical and a very simple thing to set up the type of literature insertion I have outlined. I think they have at Defense Department been in contact with the student loan collection people. But so far as I know, they really haven't implemented this idea yet. I think that would be something to keep our eye on.

Mr. NICHOLS. Let me respond to your first suggestion. Do you have that put in the form of an amendment?

Mr. PETRI. Yes.

Mr. NICHOLS. As you know, we hope to get the 1982 authorization bill up this afternoon and I think we will be into it well into tomorrow. So if you could let my staff have a copy of that amendment and we will discuss it and take a look at it.

The second issue, would you put your suggestion in writing to me and I will see that it goes up the flagpole with Department of Defense to take a look at it.

Mr. PETRI. Yes.

[The following information was received for the record:]

ADVERTISING LOAN FORGIVENESS

A principal requirement for a progam of student loan forgiveness in exchange for military service is advertising the program to the relevant population—namely those with student loans outstanding. Clearly the most efficient way to do this is to insert material describing the loan forgiveness program with student loan bills. Currently, the Student Loan Marketing Association handles the collection of 60 percent of all student loans that are federally guaranteed. There may be convenient ways to arrange insertion of material with the remaining 40 percent of the bills, but even if the DOD dealt only with SLMA, it would solve most of the advertising problem.

Evidently the Defense Department has been in contact with SLMA about this, and SLMA has agreed to insert material on loan forgiveness, but no material has been forthcoming from DOD. The department should be strongly encouraged to provide such material.

Mr. NICHOLS. Thank you very much. We appreciate your testimony.

The subcommittee stands adjourned subject to the call of the Chair.

[Whereupon, at 12:35, the subcommittee was adjourned, subject to the call of the Chair.]

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
MILITARY PERSONNEL AND COMPENSATION SUBCOMMITTEE,
Washington, D.C., Thursday, September 10, 1981.

The subcommittee met, pursuant to call, at 10 a.m., in room 2212 of the Rayburn House Office Building, Hon. Bill Nichols (chairman of the subcommittee) presiding.

Mr. NICHOLS. The subcommittee will come to order. Today the Military Personnel and Compensation Subcommittee continues hearings on proposals for a new educational assistance program for the military.

Our first witnesses this morning represent the Congressional Budget Office. They are Mr. Robert F. Hale, Assistant Director for National Security and International Affairs, and Mr. Daniel F. Huck, principal analyst, National Security and International Affairs. I understand that Dr. Rivlin, who was scheduled to appear, is presenting testimony this morning to the House Budget Committee on current economic forecasts—an issue about which we are all anxious. Mr. Hale and Mr. Huck will be presenting the results of a study being conducted by the Congressional Budget Office, at the request of our committee, on an educational assistance program for the military. I am certain the work done by Congressional Budget Office will provide a very useful framework for evaluating such proposals, just as the Congressional Budget Office study 3 years ago on the Selective Service System was invaluable in our review of that program.

Following Dr. Rivlin's presentation, our next witness will be the Honorable Lawrence J. Korb, Assistant Secretary of Defense for Manpower, Reserve Affairs and Logistics, who will present the administration's position on the issue. This will be Dr. Korb's first appearance before a formal hearing of the subcommittee and we welcome him.

I apologize to the witnesses for delaying this hearing before the subcommittee on several occasions due to scheduling conflicts with the fiscal year 1982 Defense authorization bill. We appreciate your forebearance.

Before our first witnesses begin, I want to mention that since the manpower portions of the Defense authorization bill are largely completed, the subcommittee will be devoting a great deal of time to the issue of an educational assistance program for the military. Although the Floor schedule will be heavy and the members have other commitments, I expect to schedule two hearings a week on this proposal for the next month. A new educational assistance program is an important legislative issue that merits careful scrutiny by this subcommittee because of its far-reaching implications. We need to have complete answers to such questions as exactly how it will affect recruiting and retention and how much it will cost—

both now and in the future. I am confident the members of the subcommittee can determine the correct legislative course of action.

As I mentioned, our first witnesses are from the Congressional Budget Office. Mr. Hale and Mr. Huck, you may proceed.

STATEMENT OF ROBERT F. HALE, ASSISTANT DIRECTOR FOR NATIONAL SECURITY AND INTERNATIONAL AFFAIRS, CONGRESSIONAL BUDGET OFFICE, AND DANIEL F. HUCK, PRINCIPAL ANALYST, NATIONAL SECURITY AND INTERNATIONAL AFFAIRS, CONGRESSIONAL BUDGET OFFICE

Mr. **Hale**. Thank you, Mr. Chairman. Let me express Dr. Rivlin's regrets for not being able to be here. We do appreciate the opportunity to testify. Mr. Huck, who is with me, has been supervising our study of educational benefits, and I would like to ask him to present our formal statement.

Mr. **Huck**. Mr. Chairman, I am pleased to appear before this subcommittee to discuss the manpower and cost implications of proposals to increase educational benefits for our military personnel. My testimony today will summarize the preliminary results of a CBO study of this issue, undertaken at the request of the full committee. I will focus on four major areas:

First, the military manpower problems that educational benefits could address;

Second, weaknesses in the current Veterans' Educational Assistance Program (VEAP);

Third, the costs and effects on recruiting and retention of a more generous educational benefits program;

And, finally, key issues before the Congress. A more detailed presentation of our preliminary findings is included in the staff memorandum I am submitting for the record.

THE KEY PROBLEM—MEETING FUTURE DEMANDS FOR BETTER QUALIFIED MILITARY RECRUITS

As this subcommittee knows, the military services—especially the Army—have had considerable difficulties since the inception of the All-Volunteer Force in recruiting adequate numbers of qualified enlisted personnel and in retaining career personnel in critical skills, such as the combat arms. According to our forecast, retention problems in specific skills are likely to remain, but the aggregate enlisted career population should be adequate to meet currently stated service objectives, at least at today's force levels.

In our judgment, enlisted recruiting—especially in the Army—will probably be the more pressing problem over the next few years. Improvements in the economy, coupled with a decline in the youth population of prime enlistment age, will account for some of this difficulty, but recruiting adequate numbers of personnel under increasingly tighter enlistment entry standards poses the greatest challenge.

PAY RAISE SHOULD HELP RECRUITING

The October pay raise proposed by this subcommittee should help recruiting. If a 14.3-percent across-the-board military pay raise is granted for fiscal year 1982, the Army could probably meet its numerical goals for enlisted recruits in 1982 while also achieving the various quality standards imposed by the Congress. In fiscal years 1983 to 1986, however, the Army may not achieve both its numerical objectives and the quality standards, even if future military pay raises keep pace with those in the private sector. By 1986, the Army could fall 5 to 6 percentage points short of the 65-percent target for male high school graduates. Moreover, these projections assume no increase in force levels beyond those proposed for the end of fiscal year 1982; the results could be much worse if Army force levels were increased substantially. All these recruiting results are based on trends through fiscal year 1980, the last full year available for analysis.

Enlistment results for fiscal year 1981 to date, however, show a significant improvement in quality over 1980 results. If sustained over the next several years, this improvement could increase the chances of meeting the recruit quality standards established by the Congress. In its final report on educational benefits, CBO plans to analyze the full effects of the 1981 results on future recruiting.

ADDITIONAL POLICIES AND PROGRAMS WILL BE NEEDED TO HELP RECRUITING

These results suggest that, if the Army is to meet its future numerical objectives and sustain today's quality standards, additional policies and programs may be needed. This would be particularly true if improved trends in 1981 are not sustained, or if end strengths increase. For example, policies that reduce the demand for hard-to-attract qualified male recruits, such as recruiting more females and more personnel with prior military service, could bring the Army closer to its recruiting targets. Likewise, across-the-board military pay raises or bonuses and special pay incentives targeted on recruits could improve recruiting results. An improved educational benefits package could also be an important recruiting incentive.

THE EFFECTIVENESS OF VEAP IN DOUBT

On December 31, 1976, the Congress terminated the Vietnam-era GI bill for new recruits and replaced it with a contributory plan, the Veterans' Educational Assistance Program (VEAP).

There appears to be widespread disappointment in VEAP within the defense community for several reasons. A primary criticism is that the program has induced fewer enlistments than expected. One study, for example, found that the program has led to no more than a 5-percent increase in enlistments of male high school graduates with above-average test scores. A second and related reason is the lower than expected enrollment rate in VEAP. Only 20 to 25 percent of new recruits have elected to participate in the program. In contrast, almost two-thirds of veterans eligible for the Vietnam-era GI bill have used some of their benefits. Still another reason for concern has been the considerably higher than expected drop-out rate, amounting to more than 40 percent of all participants since the program's inception.

These difficulties can be partially attributed to the required monthly contribution—equivalent to between 5 and 20 percent of a new recruit's after-tax basic pay. Perhaps even more important, the amount of financial aid offered under the basic benefit may simply be an inadequate recruiting incentive, although this deficiency can be partially alleviated by the Defense Department's authority to make supplemental, or "kicker," contributions to encourage enlistments into critical skills. As you know, last year's defense authorization bill mandated a test of alternative approaches ranging from an enhanced VEAP plan to new, more generous programs. Results are now being evaluated by the Defense Department, and I understand that, during his testimony today, Dr. Korb will share with us some of the preliminary findings from these tests.

RECRUITING EFFECTS OF IMPROVED EDUCATIONAL BENEFITS—THE EFFECTS OF A VIETNAM-ERA-TYPE GI BILL PROGRAM

Despite the problems with VEAP, a package of more generous educational benefits might improve enlisted recruiting. CBO has analyzed an illustrative, noncontributory program that would offer a $375 monthly stipend, roughly equivalent to benefits available to Vietnam-era veterans under the GI bill. We estimate that such a program would increase the supply of male high school graduate recruits by 10 to 15 percent. If such an improved program were coupled with a special 14.3-percent pay raise and continued comparability increases thereafter, this should allow the Army to meet or exceed the 65-percent target for high school graduates over the forecast period of fiscal years 1982 through 1986.

SIMILAR IMPROVEMENTS POSSIBLE WITH H.R. 1400

H.R. 1400, which is now before this subcommittee, could result in similar improvements. Among other provisions, the bill would offer a noncontributory 36-month educational entitlement paying a $300 monthly benefit in exchange for completion of an initial 3-year enlistment term. At the Defense Department's discretion, a supplemental monthly stipend could be offered for enlistments into critical skills. Over the first-term enlistment, the average basic benefit plus the supplemental stipend might well approach $375 a month. This benefit level could increase high-quality enlistments by 10 to 15 percent, similar to the results under the CBO hypothetical plan I just discussed.

EFFECTS OF EDUCATIONAL BENEFITS ON CAREER RETENTION

CBO's findings on the adverse retention effects of an educational benefit are very tentative at this point, but suggest they may not be too large. Our analysis shows that a program offering a 36-month entitlement and paying a $375 monthly benefit—an amount comparable to that under the Vietnam-era GI bill and possibly to H.R. 1400—would increase the Army's annual recruiting requirements by only about 3 percent over fiscal years 1982 through 1986. We have not evaluated the effects on the other services at this point, but we believe the resulting increase in recruiting would be proportional.

The Department of Defense has also been exploring the effect of an earned educational benefit on retention, and its tentative findings suggest a somewhat larger effect than our estimates. But, again, I should stress this issue deserves further research before any firm conclusions can be drawn.

Like most of the educational benefit bills introduced during this Congress, H.R. 1400 contains a provision permitting transfer of a service member's earned entitlement to a spouse and/or dependents. Our analysis of H.R. 1400 does not yet fully reflect the effects of this "transferability" provision, which was designed to improve career retention and lessen the incentive for service personnel to leave the military and make use of their earned benefits. We expect to analyze this provision for our final report.

ESTIMATES COULD BE OPTIMISTIC

Aside from the retention problem, our estimates of improvements in recruit quality due to educational benefits could be optimistic. Larger force sizes, for example, would increase overall recruiting requirements and jeopardize the quality objectives. Also, potential recruits may not place as high a value on military educational benefits because of the availability of other Federal student aid programs.

COSTS OF MILITARY EDUCATIONAL BENEFITS

The cost of a new educational assistance program has been a source of considerable concern both to the Congress and to the administration. Our estimates underscore this concern, especially with respect to long-run costs. In the near term, however, many of the proposals before the Congress, including H.R. 1400, would incur no costs, given the 2- or 3-year active-duty term required to earn the benefit.

CBO'S COST ESTIMATE OF H.R. 1400

Our cost estimate of H.R. 1400, supplied to the House Veterans' Affairs Committee last May, shows current dollar outlays of $245 million beginning in fiscal year 1984 and reaching $1.4 billion during 1994. The cost in constant fiscal year 1982 dollars would be $205 million in 1984, rising to $605 million by 1994. Constant dollar costs would reach stable levels in the mid to late 1990's.

Our cost estimate of $1.4 billion by 1994 assumes a fixed monthly benefit that is not indexed to inflation and a robust economy and a declining unemployment rate. A growing economy and rising prices would erode the purchasing power of a fixed benefit, thus tending to discourage training in favor of employment. Under these conditions, veteran participation rates would likely decline over the entire forecast period.

ALTERNATIVE ECONOMIC ASSUMPTIONS CAN RAISE FUTURE COSTS OF H.R. 1400

We also provided the Veterans' Affairs Committee with an alternative set of estimates showing that costs could be much higher under different economic assumptions. If, for example, one assumes no change from today's level of unemployment or real wages and a benefit fully indexed to inflation, the number of veterans who would choose to use their benefits could nearly triple from CBO's estimate. Under these assumptions, costs in constant fiscal year 1982 dollars would rise to $3.3 billion by 1994. Most of this growth in costs can be attributed to the assumption that benefit levels are indexed to inflation. Given the willingness of the Congress to raise benefit levels under the Vietnam-era GI bill in response to inflation, this assumption may prove realistic.

COMPONENT COSTS AND AGENCY COST-SHARING UNDER H.R. 1400

Under the provisions of H.R. 1400, costs would be shared by the Defense Department and Veterans' Administration. The bill stipulates that the Veterans' Administration would pay the basic $300 monthly stipend and that the Defense Department would absorb all remaining costs, including any supplemental benefits and the costs of the entitlement transfer provision. Benefits paid directly to veterans would account for only about one-half the cost of H.R. 1400. The transferability provision would consume another 40 percent, and the provision permitting in-service use of benefits by career personnel would account for the remaining 10 percent. Thus, because of this cost-sharing arrangement and the actual allocation of costs by provision, the Defense Department would pay about two-thirds of the total program cost and the Veterans' Administration the remaining one-third.

COSTS UNDER A PROGRAM SIMILAR TO THE VIETNAM-ERA GI BILL

The CBO illustrative program, which is similar to the Vietnam-era GI bill, would cost less than the $3.3 billion estimate for H.R. 1400 because it would not permit transfer of the earned entitlement. If such a program were fully indexed to inflation, CBO estimates the cost in 1994 would be about $1 billion in constant fiscal year 1982 dollars. This estimate is tentative, and CBO will provide detailed cost estimates of various options in its final report to the full committee.

KEY ISSUES TO CONSIDER

My remarks today have concentrated on the costs and recruiting effects of H.R. 1400 and a new GI bill with Vietnam-era benefit levels. I have not tried to identify specific alternatives, which would go beyond our work to date. Nonetheless, I would like to conclude my statement with some key issues that may suggest alternative approaches.

TARGETING OF BENEFITS

As a general rule, manpower costs can be held down by focusing improvements in pay and benefits on those skills with the greatest recruiting and retention problems. Most of the legislative proposals on educational benefits, including H.R. 1400, do not fully adopt this approach. Instead, they extend eligibility to all military personnel after a specified period of service, regardless of recruiting and retention conditions.

Under H.R. 1400, for example, all officer and enlisted personnel who complete 3 years of active-duty service, after the date of the bill's enactment, would be eligible for a basic benefit worth $10,800, even though officer recruiting problems are very limited. H.R. 1400 does, however, move in the direction of targeting by proposing supplemental benefits to recruit and retain personnel in critical skills.

TRANSFERABILITY OF BENEFITS

Most of the educational benefit bills, including H.R. 1400, would further increase the eligible population of users, and thus raise costs, by allowing career personnel to transfer their earned benefits to their spouses and/or dependents. Proponents contend that such provisions will encourage career retention, but analysis to date leaves the effects of this provision unclear. Given the high costs, the Congress may wish to await further research before considering enactment of such a provision.

COUPLING EDUCATIONAL BENEFITS WITH OTHER INCENTIVES

Given their potentially high cost and selective appeal, educational benefits should probably be coupled with other incentives to insure that the services can reach the broadest possible market of enlistable youths. College-bound youths, who are most likely to find a military educational benefit appealing, may also be less inclined to enlist in the combat arms skills, which have had the most problems attracting recruits. Under these conditions, providing cash bonuses for enlistments into critical skills may prove to be an effective recruiting incentive for qualified high school graduates who do not plan to attend college.

ADOPTING AN ACCRUAL ACCOUNTING APPROACH

Because of the required term of active-duty service before the entitlement is earned, an improved educational benefits program will not increase Federal outlays in the first few years after enactment. Yet the long-run costs could be quite substantial. The Congress may, therefore, wish to adopt an accrual accounting approach, so that future liabilities will be more clearly reflected in the current budget. This could greatly improve management of the educational benefits program and would be consistent with administration proposals for an accrual accounting system for military retirement.

Mr. Chairman, our analysis suggests that improved military educational benefits will enhance military recruiting. At the same time, the costs of these proposals could eventually amount to several billion dollars a year, and there are important reasons for believing that the actual recruiting effects would be modest. These concerns argue for careful scrutiny of H.R. 1400, perhaps with focus on the key issues that I have outlined today.

This concludes my statement, Mr. Chairman. Mr. Hale and I would be pleased to answer any questions you may have.

Mr. NICHOLS. First let me ask you, do you view H.R. 1400 as an entitlement generally speaking or do you view it as a recruiting tool?

Mr. HUCK. I think it is a combination of both. Like an entitlement, it would provide a benefit for all military personnel, but it also has certain provisions that are designed specifically as recruiting incentives. I think the basic benefits coupled with the transferability provision would raise program costs. If a program were structured strictly as a recruiting incentive, I think it would be focused more narrowly on recruiting needs than H.R. 1400.

Mr. NICHOLS. On page 3 you talk about recruiting hard-to-get males and that would be dependent on recruiting more females. I possibly should ask this to Secretary Korb but did I read recently that we are putting a halt or slow down on Army recruiting of females?

Mr. HALE. I think there has been some discussion of limiting the numbers—not a total halt, but holding them at current levels or lower. Our result assumes continuation of current levels. Of course, if fewer females were recruited, the demand for males would rise proportionately so these results may be overly optimistic.

Mr. NICHOLS. In your analysis if H.R. 1400 were adopted by Congress would you suggest a VEAP program be dropped?

Mr. HUCK. I would not see the need for operating both programs simultaneously. So yes, I would say dropping VEAP would make sense if it were replaced with a more generous program, like H.R. 1400.

Mr. NICHOLS. You mentioned that your analysis would lead you to believe that a $375 a month monthly stipend, education package, might be expected to increase supply of high school male—high school graduates by 10 to 15 percent. H.R. 1400 goes further than the $375 if I am correct. It provides $300 from the Veterans' Administration for the first 3-year enlistment and for the man's second 3 years we are talking about an additional $300 paid for by the Department of Defense. So we are looking at a $600 a month package. Do you have any figures that you propose to furnish the committee as to what $600 a month would do vis-a-vis $375?

Mr. HUCK. We plan to evaluate higher benefit levels in our report to this committee. Our preliminary assessment of H.R. 1400 was based on an average benefit level of $375 a month. That is, we were looking at a combination of the $300 basic benefit plus supplemental benefits provided in H.R. 1400. We assumed, on average, a $375 monthly benefit. But certainly some individuals could be receiving considerably more than that. For those people, the benefit could have a substantial enlistment effect.

Mr. NICHOLS. What I am interested in is the payback. We are talking about a bill that will cost something above $1 billion perhaps in outyears. I think the committee's interest would be in seeing what type of pickup we are going to be getting in recruiting and retention. I would suggest to you in your final report that you come back to this committee hopefully by October—am I correct?

Mr. HUCK. I would say late fall. I cannot promise a published report by October, but we will do the best we can.

Mr. HALE. We will get the results to you in a timely fashion.

Mr. NICHOLS. This subcommittee is extremely interested in this bill. I think this is evident by the fact I expect 80 percent of the committee are sponsors or cosponsors of H.R. 1400 or similar legislation. We are keeping in mind the fact that this Congress is drawing to a close here I want to urge you to come back to this committee with this report as soon as you can. One other thing and I will yield.

Mr. HALE. Before we leave the subject, I would like to clarify a few points about our preliminary assessment of H.R. 1400. Our results indicate that, based on a weighted average of expected payments to recruits, the bill would provide a $375 monthly benefit, similar to benefit levels under the Vietnam-era GI bill. Therefore, it would produce a 10- to 15-percent improvement in high-quality enlistments. We may want to look again at results under a more generous $600 benefit. What we have presented today is only a preliminary estimate.

Mr. NICHOLS. I would hope before we take a vote on it in this committee that you will be able to give us projected figures on what $600 will do.

One question and I will yield here. I think we all recognize that in our recruiting the Army and the Marine Corps do worst. The allegations have been made that in an educational bill of this sort that it is not necessarily going to alter the problems that the Army and the Marine Corps continue to have, that the educated high school youngsters that we need and are trying to attract are going to opt for Air Force, and Navy, and the Army, and the Marine Corps will still be on the bottom rung of the ladder as far as their choice. Are you doing any work on that issue? Do you have any figures?

Mr. HUCK. I think that argues for a balanced mix of incentives available to all the services as a recruiting tool. It also suggests that the programs ought to be targeted in such a way as to provide the services most in need with a differential benefit, giving them a competitive advantage over the other services. The benefit options we are examining for our final report are structured in such a manner—that is, they provide differential incentives among the services, rather than a making a standard benefit available to all military personnel.

Mr. NICHOLS. Mr. Mitchell.

Mr. MITCHELL. Thank you, Mr. Chairman.

I would like to talk about transferability. One of the real criticisms of the program is it will cost a lot of money. I understand the transferability aspect is almost 50 percent of the cost, 40 percent I think. You mention on page 11 that: "An analysis leaves the effects of this provision unclear." I think it is important that you come up with some information on that. I would like to know how important transferability is in attracting and retaining because if it is not a terribly important factor it will save almost 50 percent of the cost of the program. When do you expect to have that information?

Mr. HUCK. Our final report will examine the transferability provision. It will not specifically address recruiting effects, since the provision is designed primarily to keep retention levels up.

Mr. MITCHELL. Do you break down the effect it has on recruiting and retention separately?

Mr. HUCK. With regard to educational benefits we address the recruiting incentive aspects and the retention effects separately. But with regard to transferability, we will address only the retention effects, since the provision has been structured primarily as a career incentive.

Mr. MITCHELL. On page 13 you talk about—you say: "Improved military educational benefits will enhance military recruiting."

Have you made any cost analysis of what we are spending now to recruit and to retain as opposed to what something like H.R. 1400 would cost? We are spending a lot of money now to attract people to the service and we are spending money in bonuses to keep them there. Can you offset a lot of this if you put a GI bill in place?

Mr. HUCK. If you are asking whether there would be offsetting savings, I believe there would. That is, we could substitute one incentive for another, or develop a different mix of incentives. But I think every incentive has a specific purpose in mind. If the purpose of an educational benefit is to recruit youths with college aspirations, then it may be a more effective incentive than an enlistment bonus. An enlistment bonus on the other hand, may be more effective for recruiting people into hard-to-attract skills like the combat arms or for recruiting youths without college aspirations. In sum, I think a balanced mix of incentives is required, but there is a potential for tradeoffs. There could be both savings in recruiting costs and increases in retention levels under a new educational benefits program.

Mr. MITCHELL. It would be nice if you could quantify the savings and the cost as opposed to just the retention and recruitment sums we spend now.

Mr. HUCK. We have been looking into that issue. I can tell you that there would be savings in recruiting and training costs primarily because high school graduates typically have lower attrition rates. Due to lower attrition, training costs would decline. On the other side of the coin are potentially higher costs in pay, because the increased retention and constant promotion rates would result in higher average basic pay for individuals. Thus, there is an offsetting cost associated with increasing retention that we should be aware of.

Mr. MITCHELL. If it is possible you are going to provide all that in your own analysis?

Mr. HALE. I would like to be humble about how well we can quantify the differential effects of enlistment bonuses and educational benefits. Educational benefits are difficult to analyze. Because they are deferred, we have to make a variety of assumptions about how people will react to them. We will certainly try to provide some results, but I would like to be humble about how definitive they can be.

Mr. MITCHELL. We are talking about next year you may have an $80 billion deficit. You are talking about cutting deeply into the defense budget. This will compete with other costs.

There is a concern in some circles that a GI bill actually would provide incentive to get out of the service because the person would complete his training, be eligible for service and just leave and get his college training and go into the civilian sector.

Are we looking at that pretty hard?

Mr. HUCK. Yes, we are. I think the concerns by some have been overstated. I think there will be some negative effects—that is, some people who otherwise might have remained in the service will separate to use their earned benefit. But I think we can compensate for that by increasing the reenlistment bonus to encourage more people to stay.

Mr. MITCHELL. They complete college and can reenlist at a higher level or another field?

Mr. HUCK. That is a possibility. But we could also offer an increased reenlistment bonus in order to discourage those personnel from separating to use their educational benefit.

Mr. MITCHELL. If you did not have transferability maybe he would lose it?

Mr. HUCK. That is one of the reasons why people have argued for a transferability provision. But there are other ways to do it.

Mr. HALE. The earned benefit is clearly an incentive to get out. The question is whether to offset those potential losses through an across-the-borad approach like transferability, which could be used by all military personnel, or through a more targeted means, such as reenlistment bonuses, that may better reflect the retention problems we are now facing.

Mr. NICHOLS. This subcommittee will stand in recess for 5 or 10 minutes while we vote.

[Brief recess for vote.]

Mr. NICHOLS. The subcommittee will come to order. Mr. Montgomery, do you have questions?

Mr. MONTGOMERY. Mr. Chairman, I will take this opportunity to thank you for your patience and also the witnesses for their patience since you had to change the date several times to move ahead with this hearing on H.R. 1400.

You and I talked earlier that the Senate is moving ahead and I am glad we have the opportunity to make a record as we did in the House Veterans' Affairs Committee on H.R. 1400 and we just have to see how it works out. I am vitally interested in the bill. As one of the key coauthors I thank the gentlemen from CBO, the witnesses this morning. As I understand your testimony before the Veterans' Affairs Committee, the increased pay—and Mr. Chairman, I believe that bill will be taken up on the compensation increase—Armed Forces pay will be taken up next week, Wednesday, Thursday, or Friday. It is on the schedule.

You stated that the anticipated compensation would help make manpower quotas at the present time. Is that correct? If we pass this compensation bill, increasing it, but then after that, even though we give the increased pay, there is a possibility that beyond fiscal 1982 that the compensation can't do it alone. You will have to have other incentives.

Mr. HALE. That is an accurate summary of the testimony. As you said, if that bill is passed, it looks as though the Army would be able to meet its numerical and quality recruiting goals in 1982. Results in 1983 and beyond become uncertain, though. The projections we presented today are based on fiscal 1980 recruiting results; 1981 has been much more favorable in terms of recruiting than we has anticipated. In light of that fact, I think we need to update our estimates for the years beyond 1982. They could well look more favorable when we analyze what has happened in this fiscal year.

Mr. MONTGOMERY. I know the Chief of Staff of the Army who will testify before the committee who is the No. 1 soldier in the

Army is very strong for the piece of legislation. In fact, I think he would be willing to eliminate other areas of cost just to get the educational bill. It is one of the strongest pieces of testimony I have heard. In fact, Mr. Chairman, I think when you get into the actual military personnel testifying—I believe in veterans affairs testimony for the military they threw off the wraps. They did not check with anyone upstairs and they came in and told it like it was as far as military officers and personnel; that the bill was needed, and I think we will develop excellent testimony from the people out in the field.

What I am saying is I think this H.R. 1400, the compensation will help, but I think, to get more high school graduates and to have a retention factor, you will have to seriously consider H.R. 1400 for the survival of the military. I think as the last effort for the volunteer force that some type of educational is necessary to make the system work. I am not sure it will work then but if you don't pass this I don't think anything will help the problem of recruiting and retention.

As far as this bill is concerned, did the witnesses look into the situation of Reserve Forces? I will offer an amendment at the proper time when we mark up this bill pertaining to the National Guard and Reserve. It was not included in the bill, Mr. Chairman, because it comes under the jurisdiction of this committee. We think it will have a strong effect and it will cover the National Guard and Reserve. Have you had an opportunity to review this?

Mr. HUCK. No, we have not. Our final report will address the issue, but we have not yet analyzed the effects of such a provision. I am aware of the amendment you are proposing.

Mr. MONTGOMERY. I think the military, the Defense Department have already 45 percent of the combat missions in Europe assigned to the Reserve Forces and I think they will continue to move in that area and eventually 55 or 60 percent of all the combat targets will be assigned to the Reserve and National Guard so they are included in this, Mr. Chairman. I just make that point for the record. Basically we tried to design the bill as across the board.

First we thought about technical skills, putting them in such as radio operator would be eligible for the second $300 and the wireman who lays the wire would not be eligible but we found out getting into that and talking to enlisted personnel, they felt across the board was much fairer and not to pick out one MOS number against another. But in the bill, Mr. Chairman, it does give the discretion to the different Secretaries of the services to add additional bonuses if they so desire for a technical or military skill.

But basically the bill is designed to be across the board. My time is up.

Mr. NICHOLS. Thank you.

May I ask the chief sponsor of the bill in reading the testimony from the Veterans' Affairs Committee—which the gentleman from Mississippi chairs—it seems the thrust of the testimony there was aimed at recruiting and retention. Yet you and I recall that in past year bills—particularly World War II—the education bill which I utilized to go to school under—$90 a month to begin with—the thrust of that was an entitlement. Here were American soldiers that had returned from the Pacific and from Germany and it was something that a grateful nation felt like they should do for Americans, returning veterans. Would you comment on the thrust of this particular bill?

Mr. **Montgomery**. I think you are basically right that there is a little shift from a grateful nation but I think we have not emphasized enough that we are still educating people and there is no question about it, Mr. Chairman, that 60 percent of the Vietnam-era veterans used the educational bill. This would probably go much higher because of the transferability and because of the seeking of more education now. I don't have a good answer for your question. The bill frankly is geared to educate more Americans which we certainly need in my State and it is geared for retention and it is geared to attract high school graduates into the service. Also it covers officers—an officer sometimes has special privileges—but we felt for fairness you would have to include officers in the legislation.

Frankly if we could retain say 100 aviators a year and not let them go to the airlines—it costs us almost $1 billion to train these aviators—if we could retain some of them, that they knew their child was going to get educated, it would in effect help pay for the billion and we think the transferability clause would help. There is no question about it, it would keep some flyers in the service.

Mr. **Nichols**. Mr. Won Pat, you are next but if I might ask one other question.

You say it covers officers. Let's take the case of a brand new second lieutenant who was commissioned at Auburn University, a fine university in my State. Are you telling me that he has an obligation to serve, he is an officer, he is called, are you telling me he would share in the same type of GI bill as the Pfc. who goes to the recruiting station and signs up?

Mr. **Montgomery**. That is correct. And that does not give me any problem. We are having a tough time on retention of officers, especially academy graduates, skilled officers. We train them in submarines. They leave us after 6 or 7 years. That is their obligation.

If this simple procedure would help retain these officers I think it would be worthwhile. This is one of the big problems, keeping officers in the service. We train all the airline pilots. Sometime when you get in bad weather you are glad to have this good military training but we are training all the nuclear-type people now for the different engineering companies and we have been out in the field and the testimony will show that this transferability clause really catches them out there and if you might hold a pilot or a skilled officer in the service it would certainly be worthwhile.

Mr. **Nichols**. Mr. Won Pat.

Mr. **Won Pat**. Thank you, Mr. Chairman. I apologize for coming late again and naturally I am not aware of what has occurred in the discussion but I do want to ask one question.

We have an education program and is this program subject to elimination as a result of the new administration policy of cutting down, cutting budget, cutting the Federal expenditures? Now these bills, educational assistance, if one should be enacted, would that replace these Federal education programs?

Mr. **Huck**. Yes, I believe it would. I think the intention was to replace the veterans' educational assistance program with a new educational benefit program. It is a substitute for VEAP.

Mr. **Montgomery**. I want to make this to get a point in the record. I think it would replace the VEAP program and in this House and also in the Senate, we implemented two additional test educational programs. They would also be eliminated in my opinion but the recruiters who testified before the House Veterans' Affairs Committee said these test educational programs are too complicated. They are not using them.

So if you are waiting on a test program you have a long time to wait. We found around here if you want to kill something you go out and test it and nothing ever happens.

Mr. **Won Pat**. Thank you, Mr. Montgomery. Now, do you think that these benefits are adequate incentives for recruitment purposes as well as retention purposes in the military?

Mr. **Huck**. That, I think, would depend on what your objectives were. We have said that the 14.3-percent pay increase that is being considered by this committee will likely allow the Army—and the other services as well—to meet their fiscal year 1982 enlistment targets. But some questions and uncertainties exist with regard to 1983 and beyond as eligibility standards are tightened further. So that does argue for the possibility of some increased incentives. How much specifically would be needed will depend on how short we might come up in terms of enlistment quality to meet those standards in fiscal year 1983 and beyond. I think then we might want to adjust the benefit levels depending on what our specific needs are. That does argue for a more targeted program, one with the flexibility to adjust benefit levels up or down depending on what our recruiting needs are and which specific skills appear to be short.

Mr. **Won Pat**. I have not had time to read the analysis but from our experience in terms of recruitment we found out that most enlistees come from the minorities rather than the majority.

How do you account for that?

Mr. **Hale**. You mean Army enlistees, say, who are black?

Mr. **Won Pat**. Yes; in my own territory there is no problem about recruitment.

Mr. **Hale**. I think the percentage of Army recruits who are black is about 30 percent. While that is not a majority, it does appear to be higher than the population average. This presumably reflects the fact that they receive equal pay in the military, whereas their opportunities in the civilian sector might be somewhat more limited than those of other groups. That could be one factor contributing to that result.

Mr. **Won Pat**. Is that the only factor?

Mr. **Hale**. I would not want to say that. There may be a variety of sociological factors that are difficult to quantify. Presumably, the different economic opportunities they face is an important one.

Mr. **Won Pat**. I know also that our problem in specialized areas particularly for officers, as has been pointed out earlier, that we have difficulty in retention as well as recruitment. Why is that so?

Mr. **Hale**. I think Mr. Montgomery listed some of the key areas in which we have had retention problems. They tend to be the

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areas—aviators, nuclear submariners, for example—in which there are substantial opportunities for these individuals in the private sector. So they are presumably getting out to take advantage of those more lucrative opportunities. Let me mention in that context that there are limits to what transferability can achieve. Presumably, the educational benefits for officers will be an incentive to get out. Transferability or some other offsetting features, will be an incentive for some to stay in, but it is not clear that the transferability provision alone would solve any of those retention problems. It may simply avoid exacerbating them.

Mr. Won Pat. Thank you, Mr. Chairman.

Mr. Nichols. Mr. White.

Mr. White. Thank you, Mr. Chairman.

In looking for solutions to encourage more people to come in for enlistment, I think education is probably the most fruitful avenue. Now, especially now because of the budget cuts student loans are not being as widely available. In fact they may disappear in time. So consequently I would like to ask you about the possibility of a system.

I think the best system is the most simple system, one that is manageable and understandable. Now, I am going to give you several alternatives and I would like to get your comment. Suppose you had a system that provided for a year education—that is an educational year, a credit year per enlistment year and offer a 3-year enlistment and an alternative of 4-year enlistment so a man or woman enlisting for 4 years could look forward to a 4 credit year education. Then allow a second enlistment for graduate work, say 2-year graduate. That would get a masters. If you went into a 3d year enlistment they could get a doctorate. Allow for officers as well. However that would be in lieu of bonuses. You would eliminate the bonuses because you should not have duplication. If a man or woman had training at the academy, ROTC and got the commission through ROTC then they had gotten their education through a program and therefore they have an obligation to fulfill.

After they fulfill their obligation then they would be eligible for credits for that period of time they may free up although I understand officers do not necessarily reenlist as such but they would get a 4-year credit so they could get a higher education.

Also to induce people to go in you are going to have to refurbish your educational system in the service to have a university of the services program that would have a much more formalized extension service in the field with video tapes, by professors, wherever the bases may be and enlist and garner all educational institutions at that time that you can with cross accreditation. Wherever a man is stationed, provide transportation for them at night, let them go to school at night or whatever they can do and use some of that time off while they are in the service so they don't lose time because no one likes to sit in the barracks. If they see their way toward getting an education while they are in the service they will take that advantage.

How would that work?

Mr. Huck. I think there is something to be said for keeping a program simple and direct. It is to the advantage of the recruiters as well as the recruits to keep it simple. But we must also be mindful of the costs we are incurring by maintaining a rather simple, direct program that provides equal benefits—say each year of college education for each year of service.

Mr. WHITE. But you are now talking about 4 years for 3 years enlistment, aren't you, and I am saying 3 years for 3 years.

Mr. HUCK. We have not evaluated options such as that. It would be difficult to predict what the actual costs and effects would be. I would think a more generous program would likely have higher costs and more positive effects.

Mr. WHITE. In lieu of bonuses?

Mr. HUCK. In lieu of bonuses. Again the bonus serves a specific purpose for some skills—for those people who don't have college aspirations but are qualified for military service, for example.

Mr. WHITE. I said in lieu of so they would have the option.

Mr. HUCK. That is certainly possible. Having such an option available seems to be a positive benefit.

Mr. WHITE. I am inclined to believe you are going to find a lot of people that will have a tough time going to college and will see this avenue open to them especially if they see that they can continue and get a graduate degree, officers or enlisted, with successive enlistments.

Mr. HALE. I can offer a thought.

You have proposed an aggressive and far-reaching program with many attractive features. But, I would also appeal for caution on your part, given the budgetary problems that you are likely to face in trying to stack that up against the fairly favorable recruiting trends overall that are occurring in this fiscal year. That may suggest that, absent a reversal of those trends, recruiting problems will be less severe in the next couple of years.

Mr. WHITE. This Congress will eventually reenact a GI bill I think and you will be putting the cost in the other end. What I am recommending is to put it on the front end where it will do the most good in terms of getting a man equipped so he is not losing years, keep him in for successive enlistments and not losing any time by having this aggressive program, mustering all the educational institutions in this. It is going to improve the economy of this country because the man when he gets out will be better equipped mentally and skillwise.

Mr. HALE. I would like to think more about it.

Mr. WHITE. I think it should be costed out to determine whether it would be practical.

Thank you, Mr. Chairman.

Mr. NICHOLS. Mr. Hillis.

Mr. HILLIS. Thank you, Mr. Chairman.

I have a few questions. I am sorry I missed your testimony but I reviewed your statement. One of the questions that comes to my mind of course is the total cost of this program because we see in the defense area generally a shifting in percentage of cost of personnel versus R. & D. and procurement of equipment until we are reaching—I have seen 50 percent or more personnel cost. As we keep doing these things we are going to have fewer and fewer dollars to put into R. & D. and procurement while in the worst scenario the ratios are much the other way because of very low personnel cost, a draft, minimal pay, that sort of thing, not that we can do that. But I am wondering, do you think it would do any good to look at the present program but to make the contribution by the individual before taxes. In other words, to give a tax-free contribution then rather than after taxes. Would this have more incentive to participate?

Mr. HUCK. I think it would have some effect because it would raise the value of the benefit to the individual. If pretax contribution would be of more value, and I think we would see an increasing percentage of participants in the program. What the size of that increase would be is difficult to estimate now. I could not say, but I think it would have some effect.

Mr. HALE. The tax brackets for junior enlisted personnel are typically low, so I am not sure the tax benefits would be large. But you raise an interesting thought in suggesting that we make the existing VEAP program either less contributory or noncontributory, whether by providing a tax benefit or by reducing or eliminating the contribution at least for certain skills. I think that is a notion you might want to consider.

Mr. HILLIS. That is the other line of questioning I want to pursue, the flexibility.

It looks like we are taking a lot of money and throwing it at the problem where when you get into recruiting maybe you don't have a shortage of riflemen but you have a shortage of a particular skill. That is what the bonus arrangement has been targeted at. The more critical the skill the larger the bonus.

Could this program be targeted in a similar manner?

Mr. HUCK. We think it can. The so-called "ultra-VEAP" program that the Army is using now is structured in such a manner. DOD provides kickers and supplemental benefits targeted on critical skills. Thus, individuals who enlist in a particular skill that the Army considers critical receive larger benefits. Structuring the program in such a way makes sense if it is intended primarily as a recruiting incentive.

Mr. HILLIS. What about only using the program for services that are having recruiting problems? Assume that the Army is where the recruiting problems lie but the Air Force is meeting quotas. Do you think it would be feasible to apply the program only say to the Army or the Army and the Navy or something like that?

Mr. HUCK. I have doubts about the feasibility of such an approach, more on political and equity grounds than because of its recruiting incentive effects. I think from an analytical standpoint it makes sense to concentrate benefits in the areas with the most critical shortfalls. From an equity standpoint, I think you might have some difficulty denying eligibility to the Air Force, since it has some skill needs as well.

Mr. HALE. Given the concerns Mr. Huck has raised, you might want to determine eligibility by skill area rather than by service. While the recruiting incentive effects could be similar, such an approach might be preferable on equity grounds.

Mr. MONTGOMERY. Would the gentleman yield. I am told—and testimony bears this out—one of the worst programs to be administered by the Veterans' Administration of all educational programs we have had which the Veterans' Administration administers—and which we want them to continue to administer—that the VEAP program has been very bad, small participation, the number of defaults—can't keep the record straight. It just has not worked well.

Mr. **Hillis**. I have not had a chance to look at this legislation for some time now but as I recall this is active only. It would not apply to Reserves.

What would your feeling be—we have serious Reserve recruiting problems as well—perhaps considering this in some modified form at least for certain skills in Reserve duty.

Mr. **Huck**. I believe Mr. Montgomery has introduced an amendment to H.R. 1400 that would provide a Reserve benefit. I think in some respects that may be more effective than active duty benefit.

Allowing people to use their benefits and attend school while they are in the military might be a good recruiting incentive. You would have to weigh the costs against the benefits of the program to see how cost effective it would be.

Mr. **Hillis**. My final question, is on the cost and transferability. This was one of the areas that concerned me when the bill was before the Veterans' Committee.

Do you have figures that you can submit for the record that would show what this would add, with and without, and about what the cost would be?

Mr. **Huck**. We would be glad to provide that information for the record. We have submitted a cost estimate of H.R. 1400 to the House Veterans' Affairs Committee which includes the cost of the transferability provision. If I recall correctly, about 40 percent of the total cost of the bill would be absorbed by the transferability provision. I think in 1994, for example, the total cost of the program would $3.3 billion, of which 40 percent would be attributable to transferability.

If you would like specific figures we would be glad to submit them for the record.

Mr. **Montgomery**. That should be corrected. Are you saying if you index the program; is that correct?

Mr. **Huck**. Under that estimate.

Mr. **Montgomery**. $3.3 billion is indexed?

Mr. **Huck**. Yes, sir.

Mr. **Montgomery**. This might be a weakness in our bill but it does not have indexing in it so I wanted to make that point. Our bill does not index.

Mr. **Huck**. Under the official estimate we provided, costs by 1994 would be $1.4 billion. The $3.3 billion figure derives from other economic assumptions.

Mr. **Nichols**. Thank you, gentlemen. I have no further questions. Mr. Wincup.

Mr. **Wincup**. A couple questions.

Your assumption that a bill would increase high quality enlistments by 10 to 15 percent across the board, is that an average of the services or will some services do better and some do less or have you looked at that issue as to whether some will do better or less?

Mr. **Huck**. That is an average across the services. We think that, if a standard benefit were offered by all the services, the response rate would be influenced significantly by the required enlistment term. If, for example, the Air Force required a 4- to 6-year enlist-

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ment to earn the same benfit as the Army offered for a 3- or 4-year, or possibly even a 2-year enlistment, the response rate in the Air Force may be lower. So results would depend in part on how the benefit is structured. Our estimate of a 10- to 15-percent increase in high-quality enlistments is an overall, servicewide projection. Actual response rates might be lower in the Air Force and a little higher in the Army, because of the Air Force's longer required enlistment term.

Mr. WINCUP. The 1981 recruiting results seem to be better than anticipated. What in your view does that do in terms of necessity of something in addition to a pay increase to assist the recruiting?

Mr. HUCK. I think it lessens the justification for additional incentives such as educational benefits if they are intended primarily as a recruiting incentive. So, to the extent recruiting results in the outyears are as favorable as they have been in 1981, I would say the justification for such a program would be less obvious.

Mr. WINCUP. Thank you. Mr. Chairman, I have several questions for the record.

[The following questions were submitted to the witness to be answered for the record:]

Question. Since recruiting in the Selected Reserves is also a problem, would it be appropriate to provide educational assistance inducements, although at a lower rate, to reserve enlistees?

Answer. A generous educational benefits program may actually prove a more attractive enlistment incentive for the Selected Reserve than for the Active-duty forces. Our testimony noted that one of the major difficulties in designing a program that will attract high-quality, college-bound youths to the active-duty forces is the tendency for these youths to avoid an extended interruption between high school graduation and college attendance. An educational benefits program that required only six months of active-duty training and permitted reservists to attend college while serving in the Selected Reserve could overcome this barrier and prove to be an attractive recruiting incentive. Of course, the cost of such a program should be compared to that of other available incentives, such as enlistment bonuses for the reserves.

Question. Shouldn't there really be two different philosophies for establishing an educational assistance program: (1) a reward for service and to assist in the readjustment to civilian life or (2) to assist in recruiting and retaining personnel for the military? Shouldn't the design of any educational assistance program be affected by which philosophy the program is based on? For example, as a reward for service, everyone who serves should get it. However, as a recruiting tool, perhaps it would be appropriate to focus the program on the problem areas.

Answer. Past G.I. Bill benefit programs have had as their underlying philosophy a reward for service, especially during wartime, and the provision of assistance to former military personnel in readjusting to civilian life. Under a peacetime volunteer military that has granted large increases in compensation and other benefits to the first-term force, the need for further rewards for service or more generous readjustment benefits can be questioned.

An educational benefit that is intended primarily as a recruiting incentive would differ radically in design from prior G.I. Bills. Placing greater emphasis on the recruiting incentive aspects of a program would suggest greater targeting of the benefits and possibly the exclusion of some groups from participation in the program. Thus, as we noted in our testimony, an educational benefit designed primarily as a recruiting incentive would most appropriately be targeted toward those skill areas and services with the most critical manpower shortages.

A related concern is that a fixed, across-the-board benefit offered to all recruits, regardless of service or skill, could have adverse competitive effects by drawing qualified recruits into already attractive skills or services and away from less desirable occupations with manpower shortages.

Question. What do the results of your study tell you about program offering transferability of entitlement to dependents as a retention tool? Is transferability a good investment for improving retention?

Answer. As we pointed out in our testimony, we have yet to complete our analysis of the cost and retention effects of a transferability provision, but we can offer a few insights into the efficiency of such a provision as a retention tool.

First, if the intention of a transferability provision is to mitigate the adverse effects on retention of an earned educational benefit, the need for such a large-scale and expensive approach becomes suspect in light of CBO's findings that a new educational benefit comparable to Vietnam-era G.I. Bill levels should not severely affect first-term retention. Providing additional reenlistment bonuses or cash-conversion privileges for earned benefits might be a less costly way to offset any adverse retention effects of the program.

Second, when compared to other incentives, such as reenlistment bonuses, transferability may not prove to be a good retention tool. Transferability lacks the flexibility and targeting features of reenlistment bonuses. Assuming that military pay raises remain comparable to those in the private sector, retention problems should be limited to specific skills and possibly to specific geographic locations, problems that could more effectively be handled with reenlistment bonuses.

Third, a fundamental and yet unanswered question concerns the retention power of a transferability provision. The attractiveness of the benefit depends not only on its maximum dollar value but also on a careerist's expectations about the extent and timing of its use. The most immediate benefactor in most cases would be the service member's spouse, although Census data reveal that only slightly more than 5 percent of married women between the ages of 25 and 34 attend college or graduate school either full or part time. It is likely that most eligible spouses would be at least 25 years old, given that a minimum of ten years' active duty would be required under a bill such as H.R. 1400 before the benefit could be transferred. The use of the program by dependent children would appear to be even further delayed. Most active-duty personnel would be at or very close to retirement age before their earned benefit could be utilized by their dependent children of postsecondary school age. Thus, the benefit must act as a draw to retirement before its use can be realized by dependent children. Unlike a reenlistment bonus, the potential first-term reenlistee cannot realistically expect to cash in or the benefit until very close to retirement. How effective a proposal such as this would be as a first-term, or even subsequent, reenlistment tool thus remains open to question.

Question. If an educational assistance program is considered necessary to assist recruiting and retention, should it be provided to officers as well as enlisted personnel?

Answer. While equity concerns may argue for extending eligibility for art least a minimum benefit to all military personnel, an educational benefit program structured as a recruiting incentive would most appropriately be targeted on those areas with the most critical shortfalls. Officer recruiting problems are limited to just a few skills. Thus, strict application of this principle would suggest that officers be excluded from a targeted educational benefits program. If a minimum across-the-board benefit proves necessary, then supplemental benefits could be offered to encourage service in shortage skills, thus offering a given service or set of occupations a competitive advantage over the remainder of the force.

Question. Do the projections for Navy and Air Force recruiting in the next few years indicate a problem as in the case of the Army? If not, is it appropriate to include these services in any new educational program that is designed solely to assist recruiting?

Answer. Provided the principle of pay comparability is retained, the services other than the Army should be able to sustain their current levels of quality enlistments without substantial additional incentives. This is because they are well within the limits established by the Congress for Category IV recruits. At a minimum, then, an educational benefit program structured as a recruiting incentive should offer a competitive advantage to the Army. Yet, based on 1981 recruiting results, even the Army may not have recruiting problems in the next several years provided that end strengths do not increase.

Question. Could you expand more on the estimated costs of H.R. 1400 as it passed the House Veterans Affairs Committee? If the Congress were to index the benefits to the cost of living, how much would your estimate change? What would be the difference in your estimate for the future costs if current dollars instead of constant dollars were used?

Answer. The cost estimate of H.R. 1400 prepared by CBO for the House Veterans Affairs Committee showed outlays in current dollars growing from $225 million in fiscal year 1984 to $1.4 billion by fiscal year 1994 under one of four plausible economic and policy scenarios. The scenario underlying this estimate envisions an expanding economy (after adjusting for inflation), which, given historical experience with the Vietnam-era G.I. Bill, would tend to discourage training in favor of employment. Moreover, this scenario asumes the monthly stipend would remain constant over the entire forecast period, which would permit inflation to erode its purchasing power. Again, based upon Vietnam-era G.I. Bill experience, the adverse effects of inflation tend to reduce veteran training rates. The economic scenario supporting or official cost estimate produced the lowest program cost of the four economic scenarios examined.

If the benefit were indexed to inflation, as assumed in the three other economic scenarios supplied to the House Veterans Affairs Committee, CBO estimates that more than twice the number of veterans would choose to train by 1994 as forecast under the scenario used to derive our official estimate. Even measured in constant 1982 dollars, the addition of an indexing provision would more than double the cost of the legislation. Should the economy not turn in such a robust performance over the next decade, subsidized veteran training would become relatively more attractive, and costs would therefore rise.

Under an economic scenario that assumes essentially no improvement in the unemployment rate, no growth in the economy, and fully indexed benefits, CBO estimates that the cost of H.R. 1400 in constant fiscal year 1982 dollars would reach $3.3 billion in fiscal year 1994. Expressed in then-year dollars and using CBO's inflation estimates, costs would grow from $303 million in fiscal year 1984 to $7.3 billion by fiscal year 1994. thus, depending on the performance of the economy and whether the benefit is fully indexed for inflation, CBO estimates the costs of H.R. 1400 in then-year dollars could range from $1.4 billion to $7.3 billion by fiscal year 1994. About 40 percent of the cost of this bill can be attributed to the transferability provision; another 50 percent of costs are attributable to post-service use of earned benefits. As part of its final report to this Subcommittee on the subject of military educational benefits, CBO will refine its costs estimate of certain provisions of H.R. 1400, including transferability.

Question. Although there is a reasonable concern about the disincentive to retention of an educational assistance program not altered to address retention, is increased turnover really a problem in the Army situation with a huge shortage in the Individual Ready Reserve?

Answer. Any assessment of the acceptable level of active-duty turnover should be made in the context of the total force, which includes both active-duty and reserve manpower. An educational benefit structured primarily as a recruiting incentive would increase active-duty first-term separations, which in turn would drive up training and related costs. But the educational benefit would also provide an additional source of pretrained manpower for the Selected and Individual Ready Reserves. The improvements in reserve recruiting must be weighed against both the higher active-duty turnover costs and the costs of alternative incentives—like enlistment bonuses—that could also be used to increase the size of the reserves.

Question. In your statement (page 4), you mentioned that almost two-thirds of veterans eligible for the Vietnam-era GI Bill have used some of their benefits. Many, however, used only a small portion, often on a part-time basis. Of the total entitlement to date for Vietnam-era veterans, what percentage has actually been used? Would you project the benefits under any new program would have a similar rate of usage? Were transferability to be enacted, particularly for the spouse and children, I assume the percentage of available benefits used would be quite high. Do you have an estimate of what that figure might be?

Answer. While on average about two-thirds of Vietnam-era veterans have used some of their G.I. Bill benefits, the percentage does vary according to the educational level attained at the time of the service member's separation from the military. As Table 1 shows, the percentage of enlisted separatees who have used some or all of their G.I. Bill benefits increases with their educational level at the time of separation. For instance, 57 percent of non-high-school-graduate enlisted separations in 1971 had used some of their G.I. Bill benefits by December 1980, while 69 percent of high school graduates and 76 percent of those with some postsecondary education had taken advantage of their benefits. About 65 percent of officers, who typically hold a college degree at the time of separation, had used some of their G.I. Bill benefits.

TABLE 1. PERCENTAGE OF ELIGIBLE VIETNAM-ERA VETERANS WHO USED GI BILL BENEFITS THROUGH DECEMBER 1980

[By education at time of separation]

	Separated in fiscal year		
	1971	1973	1976
Enlisted:			
Non-high school graduates	57	66	67
High school graduates	69	73	70
Some postsecondary training	76	79	79
Officer	65	66	64

Source: Tabulations prepared for CBO by the Defense Manpower Data Center from an extract of merged military and veteran records.

Table 2 provides a breakdown of the proportion of the earned entitlement used by eligible Vietnam-era veterans. The data show that 43 percent of eligible veterans who have trained under the G.I. Bill have used less than one-quarter of their benefits, while only 10 percent used all of their benefits.

TABLE 2. PERCENTAGE OF GI BILL ENTITLEMENT USED BY ELIGIBLE VIETNAM-ERA VETERANS

Percentage who used					Percentage used less than 2 mo
0–25	26–49	50–74	75–94	100	
43	19	16	12	10	21

Source: "Final Report on the Utilization of Educational Entitlements by Veterans of the Post-Korean Conflict and Vietnam Era," prepared by the Veterans' Administration for the House Committee on Veterans' Affairs, 97:1 (Apr. 1, 1981).

Utilization rates under a new educational benefit program would depend on several factors. For example, benefit levels higher than the current Vietnam-era G.I. Bill rate would likely encourage additional training. Also, as noted from the data on Table 1, the aggregate utilization rate will vary depending on the educational composition of the veterans group. If a new G.I. Bill program succeeds in upgrading the quality of enlisted accessions, utilization rates could be expected to increase. The state of the economy and whether or not the benefit is indexed on inflation will also bear significantly on future utilization rates. A stagnant or declining economy would tend to encourage training over employment, thus raising G.I. Bill utilization. On the other hand, a fixed benefit level not indexed to inflation would tend to decrease utilization rates as the purchasing power of the benefit declined over time.

CBO is preparing a special analysis of the cost and likely utilization of the transferability provision under H.R. 1400. While our analysis is not yet complete, our preliminary results indicate that the provision could increase the long-run (steady-state) utilization of all earned benefits by more than 40 percent. For example, under the Vietnam-era G.I. Bill, about 65 percent of eligible veterans used on average 40 percent of their earned benefits, which amounts to an expenditure of 26 percent (0.65 × 0.40) of all benefits earned by both training and nontraining G.I.-Bill-eligible veterans. Under a transferability provision, CBO estimates that 75 percent of eligible veterans would use or transfer to their dependents about 50 percent of their earned benefits. This would result in an expenditure of 37 percent of all earned benefits, or an increase of about 40 percent over utilization rates under a G.I. Bill without a transferability provision.

Mr. NICHOLS. Thank you, gentlemen.

Mr. Secretary, I believe the committee would want me to recognize that this is the first formal session that you have had with us and we certainly welcome you here.

TESTIMONY OF HON. LAWRENCE J. KORB, ASSISTANT SECRETARY OF DEFENSE FOR MANPOWER, RESERVE AFFAIRS AND LOGISTICS

Mr. KORB. Thank you very much, Mr. Chairman.

It is indeed a pleasure to appear before you today to discuss the administration's position on educational benefits for members of the Armed Forces.

Educational assistance, or a return to a GI bill, is a subject of great interest both in the Congress and in the Defense Department.

The administration supports educational benefits for military members. The President, the Secretary of Defense, and the Deputy Secretary of Defense all are on record in favor of some type of educational benefit for service members. The administration has supported the creation of some type of educational assistance program but we have not proposed or endorsed a particular program, pending a review of this subject by the military manpower task force, our own analysis of the results of the 1981 educational assistance test program, and an assessment of the dramatically improved recruiting and retention statistics of 1981.

Education benefits cannot be considered in isolation. DOD offers many other incentives as well. Enlistment bonuses up to $5,000 can be used to recruit for hard-to-fill specialties. We have requested authority to pay higher enlistment bonuses and make smaller bonus payments available to those who enlist for less than 4 years. Reenlistment bonuses are also available to alleviate shortages in selected skills. Reenlistment bonuses do not exceed $16,000 except for nuclear qualified personnel in the Navy who can receive up to $20,000. Other pay and allowances include such items as overseas station allowances, separation pay, sea pay, hazardous duty pay, and the variable housing allowance.

Before discussing the results from the Department's fiscal year 1981 educational test program and the provisions of the legislation you are considering, H.R. 1400, I would like to tell you what the Department does and does not desire in an education assistance program.

First: The Defense Department is interested in an educational program to encourage both the recruiting and retention of high quality personnel for the Active and Reserve total force. In no way, however, should it be construed that the enactment of a permanent education program is the first step on the road to conscription. The old GI bill was enacted in response to the draft and used as a readjustment benefit for the military. A new educational program will be enacted in response to the All-Volunteer Force and used by the services in the best way possible, as a tool to help their recruiting and retention needs.

These two needs, however, are often conflicting: How can we encourage young persons to perform military service to earn special educational benefits and then, only a few years later, discourage them from leaving the service in order to use these benefits?

Will an offer of educational benefits be enough to convince young, bright people to enter military service? How much should this benefit be worth and how should the member be able to use it?

We need to tailor educational benefit programs to retain those personnel who are most needed by the services. In-service use of these benefits, which has been very popular, is sometimes difficult to reconcile with the limited amount of time available to many members.

All of the services offer programs that provide an educational leave of absence to selected individuals who are nearing degree completion. Unfortunately, eligibility for these programs must be restricted since we cannot afford to allow all those interested to be absent from military duty.

Transferability, another proposed retention tool, raises other questions. If this benefit is offered early in a member's career, he or she is less likely to have dependents to take advantage of it; if it is offered later, it is a wasted benefit since members typically have made their career decisions. In addition, several equity issues are posed: Should we offer dependents benefits that previously were available only to members or their survivors, and should dependents who have never served in the military receive the same benefits as those who actually do serve their country?

Second: The Department must be fiscally responsible to the taxpayer. An across-the-board educational assistance entitlement to all members of the Armed Forces could cost anywhere from $2 to $5 billion annually. These sums might be well spent if they contribute to the recruitment and retention goals for a viable and healthy All-Volunteer Force. But the Defense Department cannot support such expenditures if they do not help us recruit and retain the personnel we need. Recent deliberations about the size of the defense budget have reinforced this point.

To lead the way toward development of an educational program that will benefit the All-Volunteer Force, Congress authorized the Defense Department to conduct in fiscal year 1981 a 1-year test of several different types of educational assistance: Noncontributory programs of different amounts, one of which provides for transferability and cash-out; a contributory program with large Department of Defense monetary add-ons or kickers; and loan repayment. We have enthusiastically implemented this test program by offering different types of educational benefits in different areas of the country to qualified individuals in all the services.

It would have been easier to "sell" the same educational benefit package to all recruits. But that would not have told us anything about the comparative appeal of different educational benefits. Although the test has made life more complicated for our recruiters, we are now beginning to get results from this collective effort.

Last June, we received a briefing on the test results from the Rand Corp., our major contractor. At the invitation of the Congressional Budget Office, Rand also presented the same briefing to congressional staff. I understand that CBO has invited Rand to present a further, more comprehensive briefing for congressional personnel on October 2.

Briefly, let me summarize the results to date of the test program, and indicate our future plans with regard to the test. We have been monitoring the recruiting effects of the test program since December of last year. All services have participated in the test program, but the Army has had the broadest set of occupational specialties eligible for the test. We now have 8 months' worth of data, and trends that appeared early in the test period have remained unchanged throughout. Our findings suggest that the Army's generous VEAP kickers combined with the wider range of skills from which to choose have expanded the Army's market for high-quality recruits without adversely affecting recruiting in the other services.

The recruiting test data also indicate that the educational benefits have been effective in steering high-quality Army recruits into hard-to-fill skills. I expect Rand's October briefing to discuss the effectiveness of these benefits in the other services.

Results from the other test program options, sections 901 and 903 of last year's authorization act, are less clearcut at this time. There is evidence that the Air Force and Navy have increased their numbers of high-quality recruits under both programs. The Army, however, has not benefited to any significant degree from either program. That is, no more high-quality recruits seem to have enlisted in the Army under the test programs than have enlisted under the Army's program of contributory VEAP and small kickers, a combination that has not previously had a major impact on recruiting.

We have also conducted two youth surveys. The surveys measured awareness of the test opportunities and the likely response of potential recruits to different levels of benefits. Preliminary tabulations of the survey responses indicate that the test was implemented effectively by all services. Information from these surveys will be included in Rand's October briefing.

Finally, we are conducting a test of the effect of educational benefits on retention, to evaluate the appeal of transferability. As I noted in my third quarterly report to Congress on the educational assistance test program, results of the retention test have been disappointing in that few members have reenlisted under the test programs. The retention test will continue through the end of September, and I intend to examine all the data carefully before reaching a conclusion on the merits of educational assistance as a retention incentive.

On the basis of our results to date, I can say that the issue of educational benefits has major potential for affecting military manpower management. Like the Congressional Budget Office, we believe that post-service educational assistance programs create a retention disincentive once a member has earned his basic entitlement. We do not know how effectively we can offset this disincentive with features such as transferability. Also, like CBO, we believe that overall recruiting would improve under a comprehensive educational assistance program, although we are less confident than CBO that the gains in recruiting would outweigh the losses in retention. In addition, our test results raise the issue of possible inter-Service effects: A uniform benefit could have adverse impacts on the Army, the service that has the most persistent recruit quality problem.

I would now like to address my remarks to the legislation you are considering today, H.R. 1400. The Department testified in March of this year on an earlier version of H.R. 1400 that was then before the House Veterans' Affairs Committee.

The Department continues to believe that it is premature to consider enactment of H.R. 1400 at this time. We do not know whether the basic benefit levels in the proposed bill are adequate to encourage recruitment or are too costly. We do not know at this time whether the bill's supplemental benefit will actually encourage those whom we need most and who are in critical skills to remain in service beyond their minimum obligations. In addition, the legislation provides benefits to officers who usually have an advanced educational degree, that in many circumstances has already been subsidized by the Federal Government. In general, we have no problem in recruiting officers although there are some problems in retaining pilots, nuclear officers and engineers.

The Department does not need H.R. 1400's statutory authority for an educational leave of absence. The services already have the authority to grant such absences.

We cannot yet comment on the transferability and loan forgiveness provisions of H.R. 1400. Our final test results will give us information on the value that members place on transferability and loan repayment, so that such provisions can be written into law with more knowledge and certainty about their effectiveness.

We must come to terms with the problem of what new benefits, if any, will be made available to those members who are currently eligible to receive the old GI bill, VEAP, or the test program benefits. Should those who were drafted and fought in a war receive fewer benefits than a peacetime volunteer? I hope that the Congress will consider these equity issues and the administrative costs implicit in administering four separate educational programs for military personnel.

In summary, the Department believes that the current test program will yield information that is essential to the drafting of a permanent educational assistance program. A permanent education program will also be a topic addressed by the Military Manpower Task Force, which is already at work. We ask that you delay action on such a program until early next year, when the Department will have analyzed the test results and submitted its proposal for a permanent educational program to the Congress.

In the meantime, the Department supports an extension of the current Veterans' Educational Assistance program, the VEAP. The President sent this recommendation to the Congress on May 30, 1981, and it is supported by both the Department of Defense and the Veterans' Administration.

I hope we can work together to develop a program of educational assistance for members of the Armed Forces that will enhance the total force and benefit society at large.

Thank you and I am now ready for questions.

Mr. NICHOLS. Thank you, Mr. Secretary. I am going to depart a little from the subject this morning to make inquiries, since you are the Assistant Secretary of Defense for Manpower and Personnel.

I wonder, Mr. Secretary, did you participate in the discussions that have been held the last few days with the President and other members of his administrative staff relative to defense spending cuts? Were you a party to that?

Mr. KORB. I guess you could say I was indirectly involved.

Mr. **Nichols**. I would hope so. I certainly hope that is the case. I am not going to ask you what programs have been decided to be cut and which are not going to be cut but I would ask you, can you tell the committee if there is any thought being given to reducing personnel items? I am thinking about specifically military pay.

Mr. **Korb**. Mr. Chairman, to my knowledge none of the discussions have considered that as an option to meet whatever projected spending levels might be given us. There was no thought given to reducing military pay in any of the options.

Mr. **Nichols**. Let me say, Mr. Secretary, if those decisions are not yet set in concrete—and they seem to be pretty well decided on, but the public has not been made aware of them—I hope you will emphasize as strongly as you know how, that we can't afford to tamper with the military pay bill—both the Senate and House versions—that if we are going to be asked to recruit the type of young man and young woman that we have to recruit for the eighties and the nineties, we are going to have to pay them comparable to what they would earn in the private sector. I just wanted to make that point abundantly clear to you and I think I am voicing the general wishes of the subcommittee and certainly of the full committee and I believe the Congress.

The other questions I wanted to ask you Mr. Secretary is not exactly related to the bill before us either. I keep hearing that there is some thought being given in high places in the administration toward taking a position that we ought to drop registration. This subcommittee feels very, very strongly about that issue. I just wondered if you could comment on that. I am somewhat putting you on the spot. You did not come here to talk about that today but I know the feelings of this subcommittee run deep on that.

Mr. **Korb**. Mr. Chairman, as I mentioned in my testimony the Military Manpower Task Force is already at work and the Military Manpower Task Force is considering all of our manpower needs. As you know our manpower needs are met by members of the Active Forces, the Selected Reserve, the Individual Ready Reserve, retirees, volunteers, and then depending upon the circumstances conscription.

Basically we are looking at the totality of the picture to insure that in the event of an emergency we can have the manpower available at the time that we need it. So, yes, we are considering the subject of registration and the Selective Service System in the overall context but no decisions have been made to my knowledge. No one has raised this particular issue that you are concerned about and that subject has not come before the task force or its working group yet.

Mr. **Nichols**. Are you a member of the task force?

Mr. **Korb**. I am the executive director of the working group of the task force.

Mr. **Nichols**. Who chairs it?

Mr. **Korb**. The Secretary of Defense.

Mr. **Nichols**. I am not going to make a speech on it.

Mr. **White**. Mr. Chairman, Mr. Secretary, you say you are considering the matter of registration. How are you considering it? What are your options that you are considering?

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Mr. **Korb**. Basically the job of the Military Manpower Task Force is to provide for the manpower needs of the Nation in a number of different circumstances and the question of the Selective Service System enters into it because we have only so many active people, so many people in Selected Reserves, and the Individual Ready Reserve. Then we place demands on the Selective Service System to fill in beyond those manpower sources. We are looking at the whole picture to make sure that, depending on the situation we have adequate manpower to meet our needs.

Mr. **White**. Has there been any discussion about dropping registration?

Mr. **Korb**. Not to my knowledge, sir.

Mr. **White**. Do you have a position personally on this?

Mr. **Korb**. Our position is that the Department of Defense has to provide for the totality of the manpower needs of the country and that the Selective Service System plays a role in providing for those needs.

Mr. **White**. Have you studied the efficacy of the registration program as it stands at the present time?

Mr. **Korb**. This is one of the things before the Manpower Task Force. We have asked the Selective Service System to tell us how they will go about fulfilling the needs that are placed upon them by the contingency plans of the Department of Defense.

Mr. **White**. I am talking about now, not in event of an emergency but registration as it now stands, the percentage of response, the enforcement of the registration and other particulars toward the success of the program.

Mr. **Korb**. We have not discussed that.

Mr. **White**. In your position as Manpower Director you must have looked at it.

Mr. **Korb**. I have. I monitored the statistics and I know it went well last year. This year they are having more problems. One of the reasons suggested is that registration has not received the publicity that it did a year ago; that this year many young people may not be aware that they have to register as they reach their 18th birthday. Last year, when we had an extensive publicity program, eligible young men registered in a 2-week period.

Mr. **White**. What steps are being taken to insure a better response, to insure that there is a compulsion to register, that there is an obligation to register?

Mr. **Korb**. It is my understanding that the Selective Service System is now reinvigorating the publicity program that it had last year.

Mr. **White**. I know that that is not going to do the job totally. What recommendations has your office made or will your office be making in terms of trying to enforce registration?

Mr. **Korb**. We have not yet been asked for a position on that. In a recent story in the paper it was mentioned that the Justice Department is giving guidance to local district attorneys about enforcing that particular aspect of the law. Also the Selective Service System completed a direct mailing to approximately 1.8 million males in that age group to tell them about their obligation.

Mr. **White**. Is the Selective Service System, the manpower pool, now an integral part of your total manpower picture?

Mr. **Korb**. That is correct.

Mr. **White**. Do you regard it as an essential element in terms of mobilization?

Mr. **Korb**. Certainly.

Mr. **White**. Thank you, Mr. Chairman.

Mr. **Nichols**. I just suggest in closing my statement to you, Mr. Secretary, I believe the American public would view dropping registration as a serious breach of faith in the President's promises to the American public to support a strong defense system. I think our adversaries would look at it as a leak in the dike in the overall defense posture. I hope you will stand up as strongly as you know how to in support of that.

Mr. **White**. As well as our allies would regard it as a lack of willpower or lack of followup, overt action on our part to match our words.

Mr. **Nichols**. Mr. Mitchell.

Mr. **Mitchell**. Thank you, Mr. Chairman.

Just going over your statement Mr. Secretary, your request is that we wait until we complete the study Congress directed you to make on the feasibility of the GI bill.

Mr. **Korb**. That is correct, and also to allow us to allow the Military Manpower Task Force to consider this in the totality of all the programs we have as well as to take a look at the recruiting and retention results this year which have dramatically improved over a year ago.

Mr. **Mitchell**. I like the concept of the GI bill. I guess it is because I used it. So many Members of Congress have. I see how it has benefits we have not talked about today in placing participants in a much higher income bracket once they complete their GI education. In other words it is an expense, granted, but they earn, because of their professional education, far more money in their lifetime than they might have if they had not gone to college. We are not talking about that.

You just are talking about reattracting and retaining. How about sort of a combination package where everyone in the service earns GI bill credits but at the end of that 4-year enlistment if he does not want to take them, take cash instead. Maybe not the total amount. He would earn the credits but if he did not want to use them for college he could take money instead. We have all kinds of retention bonuses.

Mr. **Korb**. I think that is the key issue, Congressman Mitchell, that we must determine which is the most cost-effective way to get the individual that we want to come in and want to stay.

We now have an extensive program of reenlistment bonuses. We have enlistment bonuses for critical skills. I think the thing we have to look at is what is the best way to get and to keep the people that we want and need, and take a look at comparative costs as to which is the most effective way to do that.

Mr. **Mitchell**. On the basis of what you have learned so far with your preliminary analyses, if defense funds are short for attracting and retaining where would you place the GI bill in your list of priorities for attracting and retaining people? Would it be way down in the middle or don't you have enough information to make a judgment?

Mr. **Korb**. The most cost-effective way we know how to get the people is through a bonus program. I would also think in terms of keeping them that the bonus program is the most cost-effective way to do it. The GI bill is probably four or five times more expensive if you give it to everybody than a particular bonus program. So in that sense I would place it below a bonus program on a cost-effectiveness basis.

Mr. **Mitchell**. You mentioned the present program, the VEAP program—I talked to some junior enlistees who would like to participate but they don't have the money to put in even though they get some matching from the Government. The equity of the GI bill, if a person serves a year he gets so much education credits, whatever rank he is, it is very equitable. It is across the board. It seems with the VEAP program the people we probably need to educate the most and would benefit from it the most have the least ability to participate.

Mr. **Hunter**. Would the gentleman yield.

In San Diego I held some forums on the GI bill and particularly on that point on the VEAP. One message came through loud and clear and we had witnesses all day who represented literally tens of thousands of enlisted people who had sections and filled out ballots. One message that came through loud and clear was the VEAP program is an absolute failure. This was absolutely unanimous among everybody that was there including the recruiting officers. The facts are people just don't have enough bucks to stash anything away to be matched. It looks to me like we are studying this problem to death.

Mr. **Korb**. I think on that particular point first one of the programs we are testing this year is a noncontributory VEAP which I think gets to the heart of the problem that was raised by Congressman Mitchell. The other point is in terms of studying it to death I think it is important that it was the committee that directed the Defense Department to study this particular program and that what we are basically we are not asking for another study. We are taking the results of the study that was mandated and on which we spent $100 million, to see the extent to which it can help us formulate our own program.

Mr. **Hunter**. I understand that Mr. Secretary, but the statistics I have heard of in San Diego, which is the biggest naval base in the world, is there is just a handful of people out of tens of thousands of enlisted people who are engaged in the VEAP program. That in itself I think is a pretty significant statistic that stands on its own. Just a handful of them.

Mr. **Korb**. That is the VEAP program, the contributory VEAP, the basic veterans educational benefit. This particular year we are taking a look at a noncontributory VEAP, a VEAP with a substantial kicker that can bring you up to $20,000. We are looking at the GI bill, which includes tuition repayment program to go to college plus a monthly stipend, and a loan forgiveness. We are not testing VEAP alone this year. It was because of the problem to which you alluded that the Congress directed the Department last year to take a look at other alternatives.

Mr. **Hunter**. Thank you, Mr. Mitchell.

Mr. **Mitchell.** Thank you for your statement, Mr. Secretary. Thank you, Mr. Chairman.

Mr. **Nichols.** I want to commend the gentleman from California for holding meetings during the August recess with people that tell it like it is. I look forward to your discussion on the matter and others in the weeks ahead.

Mr. Montgomery.

Mr. **Montgomery.** Thank you, Mr. Chairman. As much as I am interested in the GI education bill Mr. Secretary, I am vitally concerned with the discussion you had with Mr. Nichols and also Mr. White. If we did away with the Selective Service System again and stop registering of young men it would be a giant step backward in preparing this Nation, if we had an emergency, of calling up young men. You just don't know the problems the Selective Service had to get started again. I wish you would go back and read, take a look at that. If we had not gotten the Selective Service System off the ground again it would have taken us a year and a half in case we had an emergency to even have any type of way to call up these young Americans. I think the wrath of Congress would come down on a few people in this White House that wants to do away with it. We know about it. We hear them talking. We know a little something. We are moving around some. We have been here a pretty good while. But that would be very serious. I can't think what would happen to the Nation.

Mr. **Korb.** We understand your concerns and in the Department our main focus is to make sure we have the manpower when we need it. You can be assured that we obviously will do that.

Mr. **Montgomery.** I don't want to put you on a spot but we don't have the manpower. You don't have an Individual Ready Reserve Force, you don't know who they are or how to get them. We have been looking into that before you ever got up here. It is just not working. Back on the subject.

Mr. White, the chairman, and myself have been going down to the White House in June and July and we have been talking to the President about other matters. We have enjoyed our visits down there with him but several times as I have seen him and talked to him and I was talking about education and the President of the United States told me on two different occasions what we need to get going again is the GI education bill. So I hope you are telling him what you are doing in the Defense Department because the Commander in Chief is telling me he wants the GI education bill. I am sure when we see him Monday and give him a boll weevil tie that he is going to mention about the GI education bill because I am going to bring it up.

Mr. **Korb.** I think, Congressman Montgomery, as I mentioned in my statement the President is in favor and the Secretary is in favor of it. What we are saying is that we will have our own version of the bill presented with his first full legislative program next year. I think that is an important consideration.

Mr. **Montgomery.** I notice in August that they quoted you as introducing a new GI education bill. We think we have a good bill. This bill has been to the House Veterans' Affairs Committee where it was reported out by a unanimous vote and it is now before the committee and the Senate will act in the near future on an educational type bill. But, General Meyer, Chief of Staff of the Army, and General Iosue, Chief of Personnel of the Air Force, Admiral Zeck of the Navy, and General Berkman, who is Army Reserve really gave us strong testimony in favor of a GI education bill. I am wondering have you talked to those gentlemen and have you personally gone out and talked to enlisted personnel that serve under you about what they want. Have you actually yourself gone out and talked to them?

Mr. Korb. I have. I have been to 35 or 40 military bases since I have been in office. I usually go out on Friday. When Congress is normally not in session I go out and stay over on the weekend.

I talked to active duty and reserve in Europe, all over the United States, east and west coasts.

Mr. Montgomery. Have they mentioned they like the transferability clause?

Mr. Korb. Let me put it this way, Congressman. People have basically said that transferability is something that they would like to consider but when you ask them further in terms of in lieu of something else, added onto something else, whether in fact it would drive them out I don't think they have.

Mr. Montgomery. Drive who out?

Mr. Korb. In other words, would it give them an incentive to leave the service or is it really meaningful to them when they are 18 or 19 years old, the evidence becomes a little bit hazy on that particular point.

Mr. Hunter. How does transferability give them incentive to leave? The transferability gives them incentive to stay in. From the feedback I have gotten people stood on their chairs and stomped and cheered and yelled.

Mr. Montgomery. That is the same impression I have got.

Mr. Korb. The point I was trying to make was that transferability at the end of the first enlistment, when a person is 21 or 22 years old is not a meaningful incentive.

I probably did not express it correctly. When you ask a person with 14 or 15 years whether transferability would keep them in or whether it is the pull of the military retirement system, they will give a higher mark, if you will, to the military retirement system as opposed to transferability.

Mr. Hunter. We don't intend the transferability to be an alternate to retirement.

Mr. Korb. I understand that, but I am trying to say it seems—and the evidence indicates—if you look at the retention statistics that once a person passes the 10- or 11-year point it is a very, very high probability they will stay in regardless of whether or not you have transferability. That is what I meant to say. I probably did not phrase it correctly the first time around.

Mr. Mitchell. There may well be some choices. It may be something instead of something if we are going to cut defense funds. You mentioned retirement or transferability. Maybe that is the choice but if we do have to cut back in defense spending if we have the GI bill we may have to give up something. I think that it is what you are trying to evaluate, which you are least likely to give up.

Mr. Korb. I think that is an important point. There is only so much money to go around. Going back to the other part of Congressman Montgomery's questions about the service chiefs, service personnel, people, who supported this, it is basically their feeling that this would not come out of their budgets. I think if you pushed them and you asked them—because as I understand the bill some of it would have to come out of the Department of Defense budget—what they would be willing to give up for this, I have not heard good answers.

Mr. Montgomery. I did not get that impression at all. I got the impression it was one of the No. 1 areas he wanted to see implemented.

We have a student education program in effect that comes under the Department of Education, and I think the secretary will agree with me this is the kind of a GI bill without an obligation. At least we are getting some obligation from somebody. We could implement this education bill that we are talking about and we are going to cut back on some of these student loan programs, grant programs. On page 6 you say in your statement that, "Should those who were drafted and fought in a war receive fewer benefits than a peacetime volunteer? I hope Congress will consider these equity issues." Well, my point is, under this test program I believe you are putting more money up front than some of these wartime people that fought, isn't that correct? It is a big money program now?

Mr. Korb. In inflated dollars. I think it is about the same as the old GI bill, adjusted for inflation. But my point there was particularly in regard to transferability, which we did not give to the people who served in Vietnam. They did not have that privilege. That is the point to which I was referring. I think the Congress knows this better than I do, that if a version of H.R. 1400 was passed, your bill, Congressman Montgomery, there would be a great deal of pressure from past veterans to want to have the same transferability.

Mr. Montgomery. In the House Veterans' Affairs Committee I got more knots on my head from World War I veterans who feel we have an obligation—they did not get the education bill. You can't look back. We are trying to look forward and see what is the best way to have a format that will attract the most people. What is the total cost of the test program and the total cost of the study to study the results?

Mr. Korb. My understanding of the total program cost is $100 million.

Mr. Montgomery. Of the test program?

Mr. Korb. Yes, the whole test program.

Mr. Montgomery. Now, what is the cost of the study to study the result of the Rand Corp.?

Mr. Korb. The Rand study cost $500,000. I think it is important to keep in mind this test was mandated by Congress. The Senate and the House asked us to study these particular programs. This was not a device thought up by the Department to delay this particular bill.

Mr. Mitchell. It seems to me transferability may be a stumbling block because it does cost 40 percent of the total package. Yet you need something like that because if you don't—you have to use it or lose it, if you don't have transferability. We want to deter people from taking advantage of the GI bill and staying out of the service. If you figure transferability costs 40 percent and you have some kind of program where instead of taking advantage of the GI bill he could earn credits and get maybe, say 50 percent of what it would cost to send him to college, he could get cash, it would be a reenlistment bonus of a type that might be something to think about, at least to try it out on some people because they would still get a benefit. They may not want to go to college but they would feel they have earned it like everyone else.

Mr. **Korb**. A cashout provision is one of the things being tested this year.

Mr. **Nichols**. Mr. Won Pat.

Mr. **Won Pat**. Thank you, Mr. Chairman. I have only one question.

Do you favor the reinstitution of the draft?

Mr. **Korb**. I do not, sir.

Mr. **Won Pat**. Wouldn't that do away with many of these proposed incentives and that would be more equitable and everybody would be able to serve?

Mr. **Korb**. If we had conscription we would not need all of the 1.8 million young men who turned 18 this year. So it would still be a question of taking some people, not all of the people. I also point out that if you did have conscription I think that that would demand an across-the-board type of GI bill benefit.

Mr. **Won Pat**. Thank you, Mr. Secretary.

Thank you, Mr. Chairman.

Mr. **Nichols**. Mr. White.

Mr. **White**. Thank you, Mr. Chairman.

Page two of your prepared remarks disturbed me a little. You said, "These two needs"—talking bout educational programs—"however are often conflicting: How can we encourage young persons to perform military service to earn special educational benefits and then only a few years later, discourage them from leaving the service in order to use these benefits?"

The point I want to make is, it seems to me that the development of knowledge through a program, through a properly structured educational system in the service could be weighted toward promotion. So in other words, the better educated a person is in the technological Army the more useful he is to the country.

Mr. **Korb**. What I meant to say there, Congressman, was that if the person came in and knew he or she were entitled to an educational benefit then when we would want to retain them it would be a pull for them to get out and go to college.

Mr. **White**. Not if you had a program inside the service that was workable. Were you present when I outlined a suggested plan?

Mr. **Korb**. Yes. We do have various programs now. As I mentioned the problem is that we cannot let as many people who would like to take advantage of them because we need them to perform their military duties.

Mr. **White**. Also if you had a program where a person could get graduate credit, which you don't have presently do you?

Mr. **Korb**. We have a number of particular programs. For example, on our military bases all over the world we have schools like the University of Maryland which offer courses and we pay for career people, for example, 90 percent of the tuition. We have now in the Department of Defense over 900,000 people who get various forms of tuition assistance to go to school on a part-time basis. So in fact I think we are already basically doing a lot of what you say.

Mr. WHITE. But you are not doing it for the average man that may be interested in getting a graduate degree later. You don't have that kind of a program and I don't think you ever have had it. I am not clear what you mean.

Mr. KORB. The person can take our tuition assistance and get graduate credits. There is nothing to prevent that individual. We will pay up to 90 percent of the cost.

Mr. WHITE. He gets his by enlistment time. He gets his 4 year's credit. When has there been a program to also allow him to accumulate in addition to the 4 years, by further enlistments, additional graduate degrees?

Mr. KORB. I see. We have never gone beyond the 4 years.

Mr. WHITE. Have you ever studied or is there a study existing of the correlation between the GI bill expenditures as compared to a per capita increase in revenues from the educated beneficiary? In other words, as he is educated, he goes out—he is going to derive more income that goes back into the Treasury. I think you have to make an accounting of that in order to determine and cost out the expense of a program.

Mr. KORB. I think that was Congressman Mitchell that made that point. There are a lot of studies based particularly on the World War II experience.

Mr. WHITE. There is one existing?

Mr. KORB. There certainly are.

Mr. WHITE. Can you provide them?

Mr. KORB. If we can't the Department of Education can, but we will provide that.

[The requested information was not received at time of printing.]

Mr. WHITE. Let me talk further about the transferability.

You are concerned first about expenses. Second, people will be going in and they will just want to do it for their families which is part of the idea. I throw this out as an idea. Presently, under most survivor programs, I believe they have—I think they allow the survivors something like 55 percent of the annuity of the service person or the employee. Have you ever considered the possibility of allowing, say, 55 percent transferred to the person who uses it. He gets the total benefit. If he transfers it, he transfers 55 percent.

Mr. KORB. We have not costed it out that way.

Mr. WHITE. Wouldn't that save a lot of money and wouldn't that be in line with the standard structure of most benefits for families?

Mr. KORB. Yes, that would. We are taking a comprehensive look at the whole manpower situation in our military manpower task force and that would be one of the things we would look at.

Mr. WHITE. Wouldn't that be more encouraging to the individual to get it himself rather than to transfer it to his family, yet not discourage him from transferring?

Mr. KORB. All other things equal, I think it would. The key point about transferability, is early in a person's career, it is not a very attractive option because the individual many times does not have dependents, or they are very young and he is not thinking in those terms. Later on it is the pull of military retirement that keeps them on to 20 years so the question that has to be answered is, is that money well spent because, regardless of the total, there is a limit to how much money the Department has and the Federal Government has.

Mr. NICHOLS. Would the gentleman yield?

I would ask Mr. Hunter to comment on that. Did you find that among the young people, the transferability is of no concern?

Mr. HUNTER. I think young people like transferability but the point we are addressing with transferability is the fact that the GI bill has always been a great incentive to get people into the service. As you stated, it then becomes to some degree an incentive to get out because you want to be like me. The day I got back from Vietnam I got out of the service and went to college on the GI bill. The transferability—that is the one factor that in my visiting the ships and having forums and things in San Diego, I found that will keep the guy who is a 10- or 12-year man, who is still looking a long way down the road to the 20 years, that is going to keep him from going out and working for Hughes Aircraft to make an extra $5,000 or $10,000 a year that he will need to educate his children.

A point we are missing here and your studies may be missing is the psychology of service people. Service people are basically savers. They are people who like to know they will have something left at the end of 5 or 10 years and education is important to them. The idea I found among the service petty officers—they would be building an educational benefit for their children by staying in the service, by not getting out. That greatly appealed to them. I talked to a number of commanders of carriers and I found they are losing some of their best people who are absolutely invaluable because the 10- and 12-year men who can make those ships go. They are more valuable than recruits. They think if you give that guy some incentive and he knows he is actually building the college education for his children by staying in, it will be a much better thing than giving him $10,000 or $12,000 and he may be able to make a payment on a new home. The thing about money to me—you see kids get money and it is worth a new Mustang but one point made by a young Navy person is, education is the only thing that gives them mobility, that improves their lives and improves their ability to contribute to the service. I found that in my forums, the people, especially the senior petty officers and 5- and 6- and 7- and 8-year people coming in, that are thinking, if I have this job outside, I could make more money and I will need it with the kids growing up. We found that transferability is tremendously appealing.

Mr. KORB. Again, I think you have to take a look, for example, at the retention statistics this year. The whole environment for military people has changed under the leadership of this committee passing things like the 11.7-percent pay raise and the variable housing allowance, taking care of things like moving allowances, plus the new spirit in the land by which the military has become a more valued occupation, with a better quality of people coming in. The retention statistics this year are high enough that there is not anything extra needed right now on the order of that.

Mr. HUNTER. We appreciate that but we have been constantly reminded by you folks that this well could be only a temporary situation because of the high unemployment rate and because of the economy. If the economy goes where we are hoping it will go, we could be back in a noose here next year.

Mr. WHITE. You keep talking about numbers and I think this committee has been talking about quality. In fact, the conference committee insisted on certain strictures to insure quality and when you talk about education, you are talking about encouraging quality. The other point I want to pose to you as a consideration, you say you don't know when a young man goes in whether this transferability is a big inducement. As he goes on, retirement becomes more interesting. But this is the most married service we have had. The individual may go into the service unmarried but your statistics will show a large number of them are marrying in their first enlistment and the wives are often the ones that tell them to get out of the service more than the enlisted man himself.

If they had their druthers and they were single, many of them would probably stay in but if you give the wife the opportunity to be educated, knowing she can get an education through the fruits of her husband's work, she is liable to say, stay in. That will give me a chance to get educated and we can work on you later. I will work and get you through school later.

Mr. KORB. That is one of the things we are testing this year to see if, in fact, that is correct.

Intuitively, it sounds correct but I think we have to make sure that, in fact, is borne out by the data.

Mr. WHITE. Thank you, Mr. Chairman.

Mr. NICHOLS. Mr. Hunter.

Mr. HUNTER. Thank you, Mr. Chairman.

I already said basically what I want to say. I just had a couple of questions. You mentioned you are going to be able to study this transferability aspect of this. How are your studies going to reflect the virtues or the reasons why we should not have transferability? How is your present study going to be able to do that?

Mr. KORB. Primarily through surveys of the people by giving people who are in the service right now the opportunity to change to one of the testing programs. For example, we are offering people who came in under VEAP or the old GI bill that expired in 1976, the ability to pick up one of these new programs and to take on transferability which is one of the things being tested.

Mr. HUNTER. I would like to make one statement.

I think our putting the transferability provision in the GI bill is recognized as changing the evolution of America's military service because in the old days, the beginning of the century—we compare basically enlistments. A guy could work out on the family farm and he could get into the infantry and be a doughboy or foot soldier in World War II without a lot of training. He could be a 2- or 3- or 4-year man. Today we need a service of technicians, a service of career people. We have had to recognize that this transferability aspect of the GI bill I think changes the bill from an instrument not only for recruitment but for retention.

As you get closer to retirement—you almost have your 20 years—retirement is the big incentive but I think there is a point in the midcareer that is not addressed by any programs we have now. There is something else I think. The GI bill is one of the greatest PR devices that the American military ever had with the American people. To get the people to support our budget, to support our foreign policies you have to have involvement. The American family can sit around the table—they know what a GI bill is. They don't have to have a lawyer to tell them if they will get a certain bonus. As we know and your studies have shown families have a tremendous role in helping a service person to decide whether to get in or to stay in. The GI bill is something they understand. I think that it is something as Mr. Montgomery said that is going to allow the service person to hold his head up. We have this tremendous student loan program for people who don't want to serve the country and you have this miserable little VEAP program that has for example in the county of San Diego just a handful of people involved in it. There is a certainly psychology I think in having such a dismal program for the service people and I think there is a certain healthiness in allowing service people who have worked for their country to get into the schools and colleges in this country under the GI bill.

I think it is a great PR program.

Mr. KORB. The President, the Secretary of Defense supports a program. We want to be able to design our own and present it with our own legislative package next year.

I don't think we disagree with what you say. Let's not have a bill that creates the worst of all possible worlds by adding to the expense of the Federal budget and the defense budget without improving the quality of the people that we get and we keep. I think that is our main concern.

Mr. HUNTER. One other question on cost.

You said the cost is 40 percent for transferability.

Mr. KORB. The Congressional Budget Office said that.

Mr. HUNTER. Could you work out what it would be if you did not have all dependents going under the transferability program but only children. Say you have a 10-year man with children 8 or 9 years old. They won't be able to go to college for a number of years anyway and the present value of the dollar they will be spending 8 or 9 years down the line is less than if they have a spouse who will be going now.

If that was an alternative that would be considerably less.

Mr. KORB. Are you saying you would not adjust that particular benefit for inflation? If the serviceman earns it in 1980 and his child went to school in the year 2010 you would be using 1980 dollars. Is that what you are saying?

Mr. HUNTER. Not necessarily. But I think you could still have less of a present value on it than you would have if the wife was going to go next year. They claim in 2010 a Big Mac will cost $2,000 or something like that. You may have a point here. We may have to give them $2 million for their service benefit.

Mr. KORB. We have costed it out under various participation rates and made certain assumptions.

Mr. HUNTER. Have you costed it out on a participation rate based on the children having the transferability but not the spouse, because if a gentleman has a spouse, or a service lady has a spouse, that spouse obviously is old enough to go to school right then and also that is one other dependent. They may not have children for example.

Mr. KORB. It has been costed out under various assumptions. Most of the tests assume it would be used primarily by children rather than by spouses. A higher percentage would be used by officers, most of whose spouses already have a college degree.

Mr. HUNTER. Thank you, Mr. Chairman.

Mr. NICHOLS. Thank you.

Mr. Secretary, in your statement you make two statements here that disburb me very much related to the Army. On page 4 you talk about the pretest data.

"The Army however, has not benefited to any significant degree from the program." On page 5 you say, "In addition our tests results raise the issue of possible interservice effects. A uniform benefit could have adverse impacts on the Army."

I think we all recognize that recruits have a preference perhaps to Air Force or Navy over Army. Certainly our shortfalls seem to be in the hardcore skills in the Army and Marines. There are no foxholes in the Air Force in other words.

Would you comment on that because I am very much concerned about this. I want the Army to be helped.

Mr. KORB. So do we, Mr. Chairman. That is one of our concerns. What we are saying is that sections 901 and 903 of the bill that was passed last year—that these particular programs don't help the Army. They help the other services. What we are saying, therefore is if these results are valid we would not want to take that particular approach because they would actually worsen the recruiting problems of the Army, which as you mentioned have been the most severe. We would spend more money and the Army's programs would be worse.

Mr. NICHOLS. What particular aspect of the test program is today advantageous to the Army? Is it an across-the-board concept?

Mr. KORB. Basically the test results seem to indicate if you offer the same benefit to everybody, that you will not help the Army because the people you want to go in the Army will go into the Air Force or the Navy in higher proportions than the Army and pickup the benefit. That is what we are saying basically.

Mr. NICHOLS. That disturbs me.

Mr. KORB. It disturbs us too. That is why we want to make sure that the bill that is enacted does not create that type of situation.

Mr. NICHOLS. I gather from your testimony here today as far as the Department of Defense is concerned the jury is still out?

Mr. KORB. That is correct.

Mr. NICHOLS. You have not made a decision.

In the meantime this committee is concerned about continued shortfalls in the Army and Marines and I find it necessary to ask you when are you going to be able to come before us and give us some recommendations.

Mr. KORB. I think, Mr. Chairman, for example this year we do not have any shortfalls in recruiting. This has been an extraordinarily good recruiting year for the Army. This year over 72 percent of the people enlisting in the Army have a high school diploma. That is better than in most years under conscription so the problems are not the same. We don't feel that type of urgency. We also feel that a lot of the reason for this is because of what this committee under your leadership has done in the past couple of years including the fact that one of the programs, so-called ultra-VEAP, has helped the Army in this particular area.

Mr. Nichols. But Mr. Secretary, you are also aware beginning October 1, 1982, in about 3 weeks from now those restrictions on high school graduates and CAT IV's are going to be narrowed considerably and the task of that recruiting officer will become even more difficult. That is why I am urging you to get back to us as soon as you can. If you have a program we want to hear it. We want to be able to consider it.

Mr. Korb. Under the existing legislation we feel for fiscal year 1982 we can provide this particular program. I have sent to the Secretary a program which hopefully he will approve that within the existing legislation will allow us to deal with the Army's problem in fiscal year 1982.

Mr. Nichols. I just want to mention, Mr. Secretary, can this committee expect some sort of recommendation from you relative to a GI bill representative of the Department of Defense before we adjourn this fall?

Mr. Korb. We will have for you a program within the existing legislation based upon the authority that has already been given to us that we feel can deal with fiscal 1982 and next January have a permanent program that will help us beginning in fiscal year 1983.

Mr. Nichols. Mr. Wincup.

Mr. Wincup. If I could submit questions for the record.

[The following questions were submitted to the witness to be answered for the record:]

EDUCATIONAL ASSISTANCE AND BONUSES

Question. One of the objectives of an educational assistance program is to recruit quality individuals into the military. The separate services differ in their ability to attract these individuals and even within a service the ability to attract individuals into critical skills differ.

Today, these differences are addressed with bonuses.

If the subcommittee recommends an educational assistance program, what are your thoughts with regard to how that program should fit together with the bonus program?

Answer. All of our recruiting incentive programs must complement, rather than conflict with, one another. At present we use enlistment bonuses primarily to induce high-quality accessions to choose longer initial enlistments in critical specialties. A number of other incentives, especially varying enlistment lengths, skill availability, and guaranteed assignments, attract individuals into the different Services. Any educational assistance program should strengthen our ability to offer members the incentive to choose the Service and skill in which we most need them to serve. This requirement is difficult to reconcile with a generous entitlement program that confers large educational benefits on all service-members. Instead, any educational assistance program should offer the Secretary of Defense the maximum flexibility to offer educational benefits, as well as other incentives, to members who serve where we most need them.

RETENTION IMPACT

Question. Mr. Secretary, you indicated concern with regard to the impact an educational assistance program would have on retention at the end of the first enlistment. I share that concern.

However, one of the objectives of an educational assistance program is to attract a segment of the population that is not currently joining the military, namely those individuals who are collegebound.

Under the draft, we obtained such individuals through a "random" selection process. The services clearly benefited from their presence; but they left after their initial enlistment.

If this group is motivated to join in the future with educational assistance benefits, why should we expect them to remain after they have completed the service required to earn the benefit?

We would be in a position of trying to change the underlying reason these individuals joined: To assist in obtaining a college education.

We will have benefited from their service (just as we did under the draft) for a temporary period.

Wouldn't we be better off just accepting their loss rather than trying to overcome their strong motivation to go to school by offering expensive "options"?

Answer. Our analysis of the reenlistment behavior of those who enlisted under the old GI Bill indicates strongly that educational benefits did provide a significant incentive for members to leave military service after their initial enlistments. Our concern that enactment of a new, broad educational assistance program might lead to a decline in reenlistment rates is especially serious since all the Services project sharp increases in their career force requirements for the future. We are currently testing ways to make reenlistment more attractive for members who have educational entitlements—transferability to dependents and expansion of in-service educational programs are two approaches that we are examining. If these or other methods do not prove attractive, however, I feel it would be important to offer generous educational benefits only in those occupational areas in which the Services can tolerate low reenlistment rates.

Question. Dr. Korb, could you outline the results to date from the current test program on educational assistance?

Answer. Preliminary analyses of the results of the Educational Assistance Test Program were presented to DoD by our contractor, the Rand Corporation, last June. A second, more comprehensive presentation is scheduled for early October. The earlier analysis dealt only with the increase in total high-quality enlistments in the different Services under the different test programs. The second presentation will update the earlier results, examine the effect of the test programs on the occupational choices of high-quality enlistees, discuss our surveys of youth attitudes toward educational benefits, and summarize our experience to date under the retention portion of the test program.

The principal findings of the June presentation were that educational benefits on the order of $15,000 per enlistee can increase the number of high-quality accessions by 8–10 percent, but that the choice of Service of high-quality enlistees was sensitive to the relative values of the benefits offered by different Services. The preliminary results indicate that when the differential benefit of Army programs, compared to those of the Navy and Air Force, falls below the "Super-VEAP kicker" levels of $2,000–$6,000 for two-, three-, and four-year enlistments, recruits do not have sufficient incentive to choose the Army over the other Services. Because of the importance of this conclusion, we have reserved judgment about its validity pending the acquisition of more months' worth of data and further analysis of the effects of other factors, such as recruiting resources, pay, and unemployment, that are known to affect enlistment rates.

Question. Although there is a reasonable concern about the disincentive to retention of an educational assistance program not altered to address retention, is increased turnover really a problem in the Army's situation with a huge shortage in the Individual Ready Reserve?

Answer. The Army, like the other Services, projects increasing career force requirements over the next several years. These requirements, however, do not increase uniformly in different occupational specialties. In combat arms, increasing Army manpower requirements will be met chiefly by additional accessions rather than by more reenlistments. One result of this increase in combat arms accessions will be that more individuals will enter the Individual Ready Reserve upon completion of their Active service. An educational assistance program that would induce high-quality individuals to serve in combat arms, but not offer an effective reenlistment incentive, would reinforce our manpower program.

Question. Do the projections for Navy and Air Force recruiting in the next few years indicate a problem as is the case for the Army? If not, is it appropriate to include these devices in any new educational program that is designed solely to assist recruiting?

Answer. All services will experience a more difficult time recruiting in the next few years as the pool of eligible youth declines and the economy improves. If the Air Force, Navy and Marine Corps do not have recruiting problems and a new educational program is adopted for the sole reason of assisting recruiting, it would be inappropriate to include those Services.

Question. Couldn't there really be two different philosophies for establishing an educational assistance program: (1) a reward for service and to assist in the readjustment to civilian life, or (2) to assist in recruiting and retaining personnel for the military?

Shouldn't the design of any educational assistance program be affected by which philosophy the program is based on? For example, as a reward for service, everyone who serves should get it. However, as a recruiting tool, perhaps it would be appropriate to focus the program on the problem areas.

Answer. In the past, the education program for the military, the GI Bill, was primarily used as a tool to help the soldier readjust to civilian life. It was also characterized as a reward for military service. Both of these past relationships occurred during a time of conscription.

With the advent of the All Volunteer Force, military enlistees, joined out of choice rather than necessity. The GI Bill, because of its past association with a conscripted force, was terminated. A contributory program replaced it.

The Department is currently analyzing data that will aid in our preparation of a new educational assistance program for military personnel. The Department believes that any new education program must both attract and retain those personnel most needed by the Services. In this sense, it would "reward" Service members.

A new educational entitlement for all military personnel must not jeopardize our force manning capabilities.

EDUCATIONAL ASSISTANCE

Question. Since recruiting in the Selected Reserve is also a problem, would it be appropriate to provide educational assistance inducements, although at a lower rate, to Reserve enlistees?

Answer. Educational assistance for the Reserve Components is not only desirable, but thanks to the foresight of the Congress, is a reality. The Reserve Components are presently participating in two education related inducements. The first, is a program providing up to $1,000 per twelve-month period for a total not to exceed $4,000 for tuition and related fees. This program is available in shortage skill fields for a six-year, non-prior service enlistee. The second program provides for a loan repayment of $550 or 15 percent whichever is greater for enlistment or reenlistment in the Selected Reserve.

COMPARISON OF IMPACT ON RETENTION

Question. Secretary Korb, you take a more pessimistic view than the Congressional Budget Office as to whether the recruiting gains from a new GI Bill would outweigh the losses in retention.

Would you (and the CBO witnesses) address briefly the factors which account for these different assessments.

Answer. CBO's analysis assumes that military members evaluate educational benefits in terms of their monetary value. Our analysis, in contrast, extrapolates the recruiting and retention effects of educational benefits from our actual experience with the Vietnam-era GI Bill and our current Educational Assistance Test Program. Neither method of analysis is entirely satisfactory. CBO's approach is open to the criticism that people might not respond to educational benefits the same way that they do to monetary incentives. Our methodology can be criticized on the grounds that the proposals now before the Congress are not identical to programs that we have offered in the past, or to those in our current test.

More remarkable than the differences between CBO's estimates and ours are the rather close similarities. That is CBO estimates an increase of 10–15 percent in high-quality recruit supply, compared to our estimate of 8–10 percent. CBO's estimate of a 3 percent increase in recruit demand is not far from our estimate of 5 percent. It is fair to summarize both sets of analysis as suggesting that educational benefits would promote a modest improvement in DoD's net manpower picture. Neither analysis addresses the issue of how the force manning effects might differ among Services.

INCREASED INSERVICE USE OF EDUCATIONAL BENEFITS

Question. A concern shared by all of us studying new GI Bill proposals is the possible adverse impact on retention. Obviously, we don't want to encourage the best quality individuals to leave the Service in order to use their educational benefits. As you know, one proposed solution is to permit the transfer of benefits to dependents, a proposition that could prove quite costly.

I wonder if there are other ways to encourage the individuals to pursue an education while remaining in the Service. H.R. 1400, for example, would permit the service members to take a leave of absence of up two years to use GI Bill benefits and then return to active duty.

In your statement (page 6), you indicate that the Services already have the authority to grant such absences. Is this blanket authority for anyone currently on active duty?

Do you think a leave of absence program, as proposed in H.R. 1400, is workable? Would it contribute significantly to retention?

What can the Services do to foster more in-service education programs, either through use of GI Bill benefits while the individual remains on active duty or through the tutiton assistance program?

Answer. The program now in effect in the Services which grant absences are for specific purposes such as the excess leave program to complete studies for professional degrees or to meet license requirements. All of these programs are highly competitive and closely controlled. These programs have been authorized individually, hence there is no blanket authority for a single leave of absence program with pay such as contained in H.R. 1400.

It has not been determined that a leave of absence program involving large numbers of enlisted people would be workable. First, those on leave of absence would have to be replaced, requiring a permanent increase in the force structure equal to the average number of people on leave of absence at any given time, This, in turn, would increase recruiting targets as the Services sought to buildup a pool of additional people. Second, most people eligible for these leaves of absence would probably be NCO's and, therefore, this idea could cause an added drain on NCO manpower which is already in short supply.

As for its contribution to retention, the implications of the idea are too complex for an informed opinion at this time. The critical retention points come early in a person's military career—usually when a person is a Junior NCO. If someone makes a decision to go for advanced education at that point, then he or she is probably looking toward civilian employment. While some Junior NCO's might reenlist for in-service education benefits, most of those wanting advanced education would probably not reenlist. Then again, there might be some who would see it as a benefit to have the option of completing an education in their last enlistment before making a decision to retire. Such people might indeed be more disposed to reenlist knowing that they will have a future opportunity to better prepare themselves for the transition to civilian life.

One way to increase the use of in-service education programs would be to raise the percentage DoD pays of an individual's tuition costs. At present the law permits the Services to pay 75 percent of tuition for people below the rand of E-5 and 90 percent for E-5's and above with 14 years or less of service. An increase to 100 percent of tuition for career servicemembers, E-5 and above, throughout their remaining time in service, i.e. even beyond the 14 year point, might encourage NCO's at all levels to make greater use of in-service education programs and also aid retention.

Mr. **Nichols**. Gentlemen, we have a vote.

The subcommittee stands adjourned to meet again next Wednesday at 10 o'clock.

[Whereupon at 12:30 p.m. the subcommittee adjourned to reconvene the following Wednesday.]

House of Representatives,
Committee on Armed Services,
Military Personnel and Compensation Subcommittee,
Washington, D.C., Wednesday, September 16, 1981.

The subcommittee met, pursuant to notice, at 10:06 a.m. in room 2216, Rayburn House Office Building, Hon. Bill Nichols (chairman of the subcommittee) presiding.

Mr. Nichols. The subcommittee will come to order.

The Military Personnel and Compensation Subcommittee will continue its hearings on a new educational assistance program today. Our hearings this week and next week will concentrate on the impact on each of the services of the enactment of such a program. It appears that such a program could well have a substantially different effect on each service and that is an issue we need to explore in some detail.

Our witness this morning will be Lt. Gen. Maxwell R. Thurman, Deputy Chief of Staff of the Army for Personnel, who, a month and a half ago, completed a very successful tour of duty as commander of the U.S. Army Recruiting Command. General Thurman, it is a pleasure to see you in this new role.

General Thurman. Thank you, sir.

Mr. Nichols. Before you begin your testimony, I would like to state that the purpose of the hearings over the next 2 weeks is to get the unique perspective of each of the services. I recognize that prepared statements presented to the committee have been cleared by the administration for uniformity. In this vein, I would like to strongly urge our witness this morning to provide us, at the completion of his prepared remarks, his personal opinion, as well as the best thinking of the Army staff, on the following issues:

No. 1. What would be the impact of enactment of a new educational assistance program—in particular, its impact if enlistees of each of the services receive the same amount of benefit?

No. 2. Is transferability to a spouse and/or dependents a good idea to assist retention?

No. 3. If such a benefit is provided, should it also be given to enlistees in the Selected Reserve?

No. 4. Since defense resources are constrained, would your service be willing to lose resources in some other program in order to fund educational assistance for enlistees, a transferability feature, and an entitlement for Reserves?

General Thurman, I know these are only a few of the questions the members will want to ask you. I must say I was concerned by testimony last week that a uniform entitlement for all services might actually hurt the Army. We look forward to your testimony on this important issue.

You may proceed.

STATEMENT OF LT. GEN. MAXWELL R. THURMAN, DEPUTY CHIEF OF STAFF FOR PERSONNEL, U.S. ARMY

General THURMAN. Thank you very much, Mr. Chairman. First of all, I would like to thank the members of this committee for their support of the pay raise which has been worked on very hard. We appreciate your support for the soldiers in the U.S. Army as well as the rest of our colleagues in the Armed Forces. I appreciate the opportunity to appear before you on the matter of educational incentives.

On September 10, 1981, Assistant Secretary of Defense Korb testified before the subcommittee and expressed the views of DOD and the administration that congressional action on a new educational program should be delayed until next year. At that time, the Department will have analyzed the results of tests still ongoing and submit its program to the Congress. I will now present my own views.

I believe that a new educational incentives program is necessary to meet the challenges of recruitment and retention of military personnel in both our Active and Reserve Forces if we are adequately to man the force in the 1980's. Since the Gates Commission proposed an All-Volunteer Force in 1970, with the support of the Congress, the Army, as well as the Department of Defense, has employed a variety of initiatives to attract adequate numbers of qualified recruits and to retain experienced soldiers.

We have had some difficulties doing both of those things since that time. We in the military agree that an improved educational incentives bill is essential to meet the quality and quantity needs in the future.

Since the advent of the All-Volunteer Force, benefits have not made service life adequately attractive to potential recruits as well as possible career-oriented service members. As an example, military pay did not keep pace with the civilian wages until the work of this committee this year and last year began to rectify that problem. Further, and of key import to our discussion today, the termination of eligibility for the Vietnam-era GI bill for new soldiers has had an adverse impact on our ability to recruit and retain soldiers.

Starting in 1976, the recruiting of high-scoring high school diploma graduates steadily declined through fiscal year 1980. The Army fell short of its fiscal year 1979 high school graduate objective by 21,000. The fiscal year 1980 accession of graduates improved but was still 13,000 below our objectives.

Recent gains in pay and recruiting resources have reversed this trend. So far in fiscal year 1981, we are meeting our quantitative high school graduate objective but not our qualitative objective. We are well aware of the fact that the pool of eligible graduates will continue to decline during the 1980's. This occurs as the Army is fielding its advanced weapons systems.

In 1981, the Army happily participated in a series of educational tests—four in number—across all of America. Based on this experience, we need to adopt an attractive educational package that will appeal to America's ingrained notion that the path to success lies in education.

The kind of soldiers we need must be highly competent and motivated volunteers, desirous of serving this country and at the same time improving themselves. These are the soldiers who not only will serve the Army well but also will return the Nation's investment in their experience and education to society as contributing citizens and soldiers and citizens in other walks of life.

Now, if I may, I would like to address the four questions that you specifically asked, sir. The first of those—what would be the impact of enactment of a new educational assistance program—in particular its impact if enlistees of each of the services receive the same amount of benefit?

Mr. **Nichols**. General, if I might interrupt here. That question comes about as a result of some feeling on the committee that some of the other branches of services traditionally apparently have more to offer enlistees when—well, you name it. I am thinking particularly about the Air Force and the Navy.

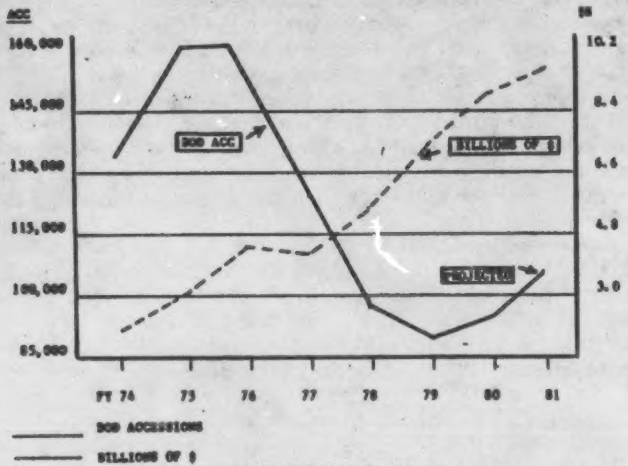
I get more interest in the Academy candidates wanting to go to the Air Force than I do any other services. And I believe the recruiting figures will bear out probably that perhaps more high school youngsters select the Air Force than they do the others. And the allegation has been made that the GI bill is apt to just aggravate that sort of thing. That is the reason for this question.

General **Thurman**. Yes, sir, I understand that. I have at each one of your places a series of charts. If you want to follow those along, it might be helpful because I think they will show you that the Army is indeed running No. 3 in the propensity for youth to join the Armed Forces.

ENLISTMENT PROPENSITY

With respect to youth propensity to join the Armed Forces, the Air Force is No. 1, the Navy is No. 2, the Army No. 3 and the Marine Corps is No. 4. And yet the Army has the largest number of people to recruit. I would like to show you a little bit about how I think the education tests and the VEAP program have worked to date and give some perspective of what the demand on the Army is going to be looking ahead to 1982 and 1983 when the mental category constraint tightens further and we still have a large number of high school youngsters to recruit. If you will bear with me just a minute I can illuminate that problem.

DOD - NPS (M) HSDG MC I-IIIA ACCESSIONS (ACTIVE) VS NON-MILITARY EDUCATION ASSISTANCE (LOANS/GRANTS)



[illegible] 1/ (recipients)

	74	75	76	77	78	79	80	81*
National Direct Student Loan 2/	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Guaranteed Student Loan 3/	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Basic Educational Opportunity Grants 4/	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Supplemental Educational Opportunity Grants 4/	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
College Work-Study Program 4/	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Student State Incentive Grants 4/	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

1/ There will be double counting for some who borrow two or more loans in the same year
2/ Number of borrowers
3/ Number of loans
4/ Number of recipients
5/ Estimated

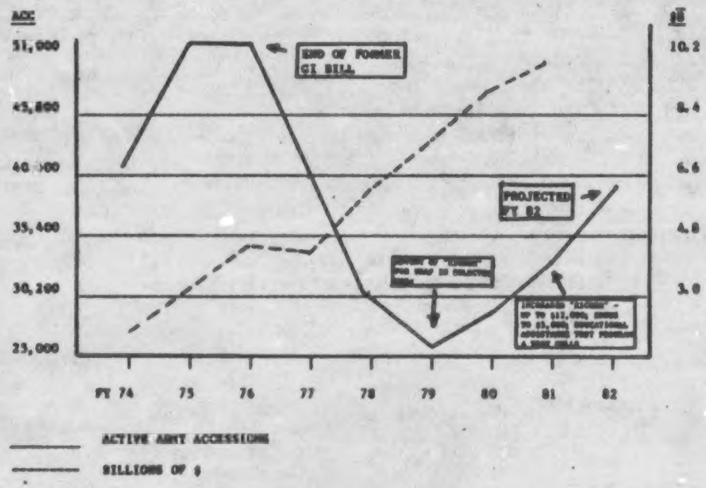
SOURCE: Education Department - Quality Assurance Department/OSD(MRA&L)

Chart No. 1 shows that when the GI bill was terminated in 1976, we recruited 160,000 high-scoring mental category youngsters, mental category I to IIIA, upper half of the country, high school diploma graduate males. That number begins to decline precipitously as the GI bill went out in 1976. The 160,000 represents the total Department of Defense accessions of mental category I-IIIA male graduates.

Over on the right margin you will note, and the little dotted line running through the chart shows you, the advances of the educational loans and grants program in the total Federal budget exterior to the GI bill.

It is interesting to note that the only time it begins to turn around in favor of the Department of Defense is in 1979 when the VEAP program began and there has been some modest gain since then. The number value for the total Department of Defense went from about 160,000 down to less than 100,000 "smart" youngsters.

NPS (M) HSDG MC I-IIIA ACCESSIONS (ACTIVE ARMY) VS NON-MILITARY EDUCATION ASSISTANCE (LOANS/GRANTS)



SOURCE: Education Department - Quality Assurance Department/US Army Recruiting Command

ARMY ENLISTMENTS

Chart No. 2 is the same chart exploded for the Army. And it shows that we were running about 51,000 of the males, smart males, and in 1976 it dropped off and we dropped all the way down to about 26,000 in 1979, when we began to experiment with expanded "kickers" to the VEAP program as shown. In 1981 we expect to have about 32,000 and in 1982 about 39,000 mental category I to IIIA male graduates.

If you turn to chart No. 3, I rate for you how the propensity business works and how the mental category youngsters work in all the services. If you will note in——

Mr. NICHOLS. Excuse me a minute. Before you leave that second chart, there is a difference in the number of people that you project you will need in the Army in 1983 and 1984 than it was in 1975, 1974–75.

General THURMAN. The number should go up to about 44,000 in 1983, to the number of people we need. The population of America, in a study done by Ohio State University in concert with the Department of Labor, shows that on average about 54 percent of the youngsters of America will score mental category I to IIIA or better. So we are looking for about that percentage, around 50 percent of our youngsters should be mental category I to IIIA.

Mr. NICHOLS. Give me that figure again, please.

General THURMAN. Fifty-four percent of the youngsters of America in a sample taken by the Department of Labor and Ohio State University——

Mr. NICHOLS. How many bodies are we talking about?

General **Thurman**. Sir? We are talking about between 44,000 and 45,000 mental category I-IIIA male graduates for the U.S. Army. In other words, I am looking at an nominal value of about 85,000 to 88,000 high school diploma graduate males per year in steady state condition, that is what we need.

Mr. **Nichols**. And you are headed that way on this chart.

General **Thurman**. That is right, sir.

Mr. **Nichols**. Without the GI bill.

General **Thurman**. That is right, sir. And we are headed that way because you have invested us with four tests that were started in 1981 and those four tests expire shortly. We have asked for an extension of the veteran' education assistance program for 1982 as the means to keep going in this direction. And that particular program has been approved tacitly because the President sent a letter over here in May. There were 60 days to act on that letter, and as far as I know the VEAP has been extended for one year.

Mr. **Montgomery**. Mr. Chairman, could I insert a comment here?

Mr. **Nichols**. Yes.

NEED FOR EDUCATIONAL INCENTIVES

Mr. **Montgomery**. General, when you testified before the Veterans' Affairs Committee you mentioned that the Army really had too many tests that recruiters were trying to sell and to implement and the recruiters, sergeants told us that too. In your personal view, wouldn't you be better with just one educational incentive and that would be the GI educational bill and do away with these test programs and do away with the VEAP program?

General **Thurman**. Absolutely, the GI bill is what we need.

Mr. **Montgomery**. Would you say that again, for the chairman? I want you to hear that. Would you repeat that.

General **Thurman**. I want to tell you as your vice president in charge of marketing for 1980 and 1981, trying to run a four-tiered test, 52 percent of America doing one thing, 18 percent of America doing something else, 15 percent of America doing yet another and 15 percent doing yet a fourth, crossing State boundaries, bisecting the State of Minnesota, for example, and Wisconsin, with different educational incentives for each one of those test cells, I can tell you that is a nightmare of management.

Also, it is unfair, given different States getting different sorts of educational entitlements as a result of running the tests.

It is time now for the tests to end and to restore a GI bill so we all understand what the educational offer is all about. Then America will know what we are talking about. Right now most of the parental influence groups in America have not the slightest notion of what the veterans' education assistance program is, although it did provide us with some means to begin to bottom out and turn around.

HIGH SCHOOL DIPLOMA GRAD(M) COMPOSITION AS A PERCENT OF TOTAL NON PRIOR SERVICE(M) ACCESSIONS BY SERVICE

			HSDG MALES			NHSG MALES
FY			I-IIIA	IIIB	IV	
75	ARMY	A ⇨	32.3	16.1	5.9	45.7
	NAVY		49.6	18.3	5.0	27.1
	AIR FORCE		61.7	33.9	0.5	3.9
	MARINES		31.0	23.1	4.0	41.9
76	ARMY	B ⇨	31.7	17.0	6.9	44.4
	NAVY		51.9	22.3	9.0	16.8
	AIR FORCE		68.9	25.0	1.0	5.1
	MARINES		38.5	29.0	7.0	31.5
77	ARMY		26.3	20.8	8.4	44.5
	NAVY		46.1	16.4	2.2	35.3
	AIR FORCE		71.0	13.2	.2	15.6
	MARINES		33.2	19.2	3.4	44.2
78	ARMY		29.7	27.9	11.4	31.0
	NAVY		52.6	18.8	2.3	26.3
	AIR FORCE		69.5	15.8	.2	14.5
	MARINES		38.5	26.5	4.2	30.8
79	ARMY		24.5	25.5	10.7	39.3
	NAVY		51.3	22.0	2.2	24.5
	AIR FORCE		62.8	20.6	.2	16.4
	MARINES		36.9	29.6	3.8	29.7
80	ARMY	C ⇨	20.7	19.5	9.2	50.6
	NAVY		52.2	21.6	2.4	23.8
	AIR FORCE		63.1	20.7	.2	16.0
	MARINES		40.5	30.7	4.1	24.7
81*	ARMY	D ⇨	29.9	15.3	27.2	27.6
	NAVY		47.7	12.6	12.8	26.9
	AIR FORCE		66.8	11.6	7.8	13.8
	MARINES		39.6	23.0	13.7	23.7

*ACCESSIONS AS OF MONTH END JULY 81

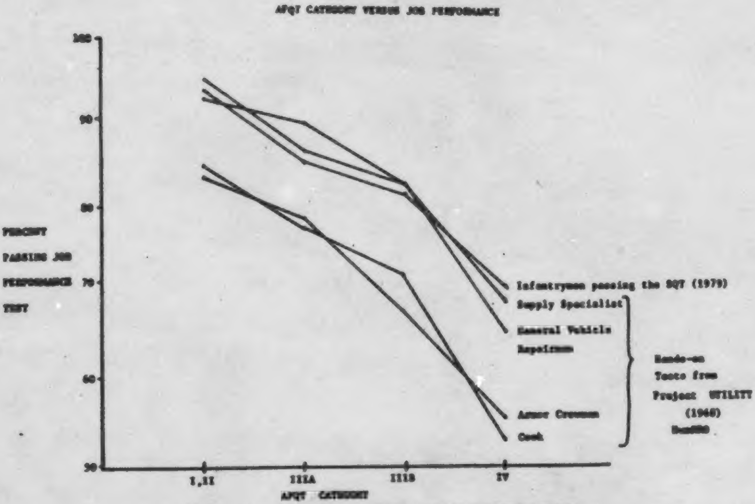
SOURCE: OSD(MRA&L)

If I could just go on to chart 3, sir. It shows you that back in 1975 and 1976, where those little arrows A and B are, the Army was running around 32 percent high-scoring male graduates. And then in 1980, at C and D, we bottomed out at about 21 percent and started back up to about 30 percent this year.

Now, if you will notice, that whole range of numbers shows you the other services, over that same span of time by upper mental category scoring youngsters. It is germane to the point, then, to show that smart youngsters, when given a chance, will volunteer for the Air Force or the Navy before they will volunteer for the U.S. Army. And that is the demonstrable record of the actions of youth over a substantial period of time.

NEED FOR UPPER MENTAL CATEGORY YOUTH

Now, you might ask, "Why do you need smart youngsters to come to work for you?" That is on chart 4. We now have some evidence emerging from the Rand Corp., which has done a long-term study, that says, as you might intuitively know, smart youngsters do better than less smart youngsters. Now we have it codified. The bottom scale indicates mental category youngsters I and II do better on the skill qualification tests (SQT), which are shown on the margin on the left side. Smart youngsters score better than less smart youngsters.



FORTHCOMING RAND REPORT BY DR. DAVID J. ARMOR TENTATIVELY TITLED "Mental Ability and Army Job Performance"

Mr. MITCHELL. Will the gentleman yield?

Mr. NICHOLS. It took the Rand Co. to decide that.

JOB PERFORMANCE TESTS

Mr. **Mitchell.** Can we assume from this, then, that the job performance test does measure intelligence? Because a Secretary of the Army said last year there was no correlation between the tests they gave and intelligence. We are trying to get some kind of an answer as to what it did mean. Apparently it does mean that this test does, among other things, show intelligence.

General **Thurman.** The test results show——

Mr. **Mitchell.** Brighter people score better.

General **Thurman.** Brighter people score better.

I use one other thing here, one other nuance about that. You do understand the test is written in the English language. An individaul's score is also related to his or her reading skill. The combination of those two things, reading skills and level of education and intelligence, are somewhat measured by the test and it shows that the people who score higher on the tests do better on the skill qualification test. That is the data that Rand has done since the last time the committee heard the remarks made by Mr. Mitchell.

Mr. **Nichols.** That is just elementary.

General **Thurman.** I am saying we have it as incontrovertible logic because it now has been demonstrated by a think tank.

Mr. **Mitchell.** If the chairman will yield, I don't know if you remember the session last year, we were trying to get Secretary Alexander to answer as to the significance of these tests. It ended up there was almost no significance from his testimony. Now apparently there is. There is quite a dramatic correlation between the ability and the intelligence of the test scores.

General **Thurman.** Yes, there is. So if you ask me why do we need smart youngsters, the answer is because we have very—not complex but very sophisticated equipment coming on stream in the years ahead. We need the leadership and the capacity to operate that equipment. So we need smart youngsters.

YOUTH ATTITUDE-TRACKING SURVEY

If you will turn to chart No. 5, the next one over, I would like to say to you that there is nothing new about the fact that youngsters, when given an opportunity to volunteer, volunteer for infantry at a lesser rate than they do for some other branch of service. This is data taken from the renowned Stouffer studies done at the conclusion of World War II. It showed that people who volunteered had a higher sense of job satisfaction when they volunteered for the U.S. Army Air Corps in World War II rather than the infantry. So I just submit to you that since there are no foxholes in the sky, that there are some correlations, then, between the propensity of individuals to volunteer.

Now let's get into current practice. Since 1975 the public sector research group of Market Facts, Inc., which does detailed studies on propensities of youth who decide they want to select service, have been conducting the youth attitude tracking survey. Chart No. 6 depicts the survey results and shows that the Army is No. 3 in the pecking order.

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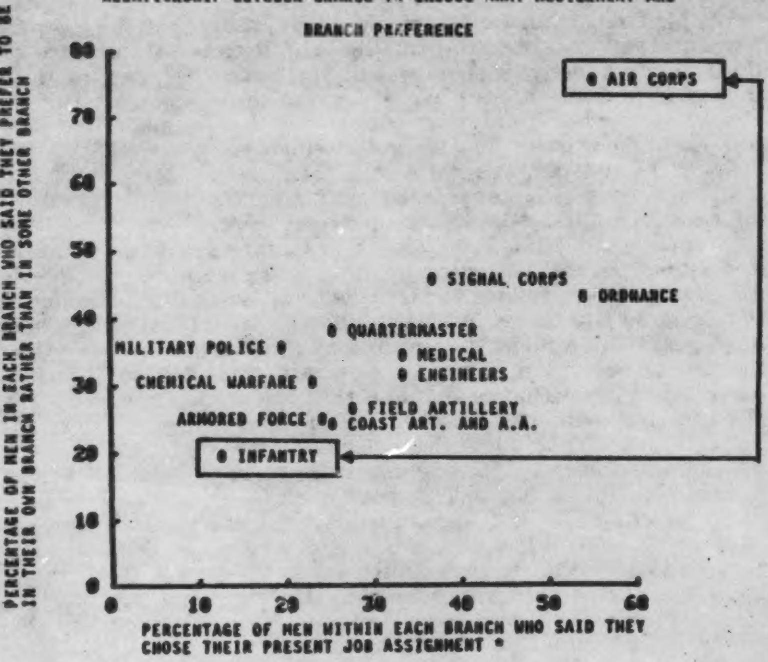
RELATIONSHIP BETWEEN CHANCE TO CHOOSE ARMY ASSIGNMENT AND

BRANCH PREFERENCE



* AVERAGE NUMBER OF CASES, 370 PER BRANCH, VARYING FROM 220 TO 468

Samuel Stouffer's *The American Soldier*: *Combat and Its Aftermath*, Vol II, ed. Frederick Osborn, *et. al.*, (Princeton, NJ: Princeton Univ. Press, 1949),

YATS DATA

WHERE MEN WANT TO SERVE - SELECTING A SERVICE

	75	76	77	78	79	80
AIR FORCE	20.4%	17.9%	15.7%	15.6%	15.3%	18.6%
NAVY	19.6%	16.5%	15.5%	14.4%	13.4%	13.1%
ARMY	18.4%	14.5%	12.7%	11.8%	11.8%	13.0%
MARINE CORPS	14.9%	12.4%	11.0%	10.0%	10.0%	10.8%

FALL WAVES, YOUTH ATTITUDE TRACKING STUDY, QUESTION 5,
POSITIVE PROPENSITY TO SERVE IN SPECIFIC SERVICES.

PREPARED BY:

THE PUBLIC SECTOR RESEARCH GROUP OF MARKET FACTS, INC.
1750 K. STREET, N.W.
WASHINGTON, D.C. 20006

Mr. MITCHELL. Just barely down.

General THURMAN. I know. In 1979, we were about 2 percentage points out, but we are closing the gap.

Mr. NICHOLS. Does that take the bonus into consideration?

General THURMAN. No. This is the inherent propensity of youth.

Mr. NICHOLS. This is before we even——

General THURMAN. Before education incentives.

Mr. NICHOLS. Before we even talked to them?

General THURMAN. That is right, before education incentive, before bonus, talking to the youth on the street, 18- to 24-year-old males, 5,000 samples, statistically reliable. The survey asks: Given the opportunity to volunteer for service, which service would you volunteer for? A lot of this has to do with the notion of what the perception is about the service in many different ways. And while we were running No. 3 in that particular survey and have been since 1975, again we have the largest recruiting requirement of the Armed Forces. The survey results shown on chart No. 6 reflect what people say and think. Now let's find out how people act.

JOINT ADVERTISING PROGRAM

If you turn to the next chart, chart 7, we can observe results in the joint advertising program. People have to act now to send in a referral slip in order to gain information about the armed services. Chart No. 6 showed what people say they are going to do. This chart transitions to what they actually do. When they send in their cards and letters to get information from the Armed Forces through the joint recruiting business, again the Army is No. 3, so people are now beginning to act like they said they were going to act.

JOINT LEAD DISTRIBUTION

	78	79	80	81
AIR FORCE	*	31.5%	34.1%	31.5%
NAVY	*	27.5%	26.4%	25.4%
ARMY	*	24.0%	21.9%	23.0%
MARINE CORPS	*	17.0%	17.6%	20.0%

* LEADS WERE NOT TRACKED IN 1978, DURING JADOR TEST

SOURCE: (AS OF 31 JULY) JOINT RECRUITING ADVERTISING PROGRAM

1981 EDUCATION INCENTIVES PROGRAM

That says that, on balance we are No. 3 in propensity.

What about the efficacy of the education incentive program that was run in 1981? As you recall—and I am now on chart No. 8—there were four cells across America and I have tried to highlight what those cells were. The super-VEAP cell was used in about 52 percent of the country and had a "kicker" of $2,000 for a 2-year, $4,000 for a 3-year and $6,000 for a 4-year term of service. The Army is the only service that had the "kicker."

EMERGING RAND DATA

TEST CELL	EDUCATION KICKER	% CHANGE 1 (FY 80 TO FY 81)	OTHER SERVICE IMPACTS AIR FORCE	NAVY
A (SUPER VEAP)	2 YR OPTION $2/4/6K KICKER	+15.95	UP 2.6%	DOWN 6.6%
B (ULTRA VEAP)	2 YR OPTION $8/12/12K KICKER	+24.85	UP 4.5%	UP 1.2%
C (HASC)	2 YR OPTION	+ 7.85	UP 8.0%	UP 1.6%
D (SASC)	2 YR OPTION $2/4/6K KICKER	+15.0%	UP 8.0%	DOWN 3.3%

1 SOURCE RAND DATA 14 AUG 81

0 CELL A = CONTROL CELL

0 CELL B = CLEAR WINNER FOR ARMY

0 CELL C = LOSS OF EQUALIZER RESULTS IN CONTRACT LOSS

0 CELL D = NO DIFFERENCE FROM CONTROL CELL

The ultra-VEAP was in about 15 percent of the country and had $8,000 and $12,000 kickers, $8,000 for 2-year term of service and $12,000 for 3- and 4-year terms of service in critical skills only, not everybody in the population .

Mr. SKELTON. Mr. Chairman.

Mr. NICHOLS. Mr. Skelton.

Mr. SKELTON. General, you lost me. Go back and explain what your test cell is, super-VEAP.

General THURMAN. VEAP stands for the veterans' education assistance program and is contributory on the part of the individual. Participants contribute from $25 up to $100 a month, which is matched 2-for-1 by the Government. For critical skills, such as infantry, armor, artillery, and certain other skills in which we have very large shortages, we were authorized by the Department of Defense to give a "kicker" of $2,000 for a 2-year term of service, $4,000 for a 3-year term of service, and $6,000 for a 4-year term of service.

That was called super-VEAP in advertising lingo to tell half the recruiting force of America, in 52 percent of America, that is the educational incentive you are offering to the youngsters of America.

Ultra-VEAP operates on the same principle and the "kickers" are $8,000 for a 2-year-term of service, $12,000 for 3, $12,000 for 4. Enlistments are limited to the same shortage skills as those for super-VEAP.

We also had the House Armed Services Committee test cell, which was a 2-year noncontributory option with tuition and stipend supplement and with no "kickers." That is an interesting point. I am going to come back to that, because that is sort of saying that all services in the marketplace has the same marketing operation and the same educational enfranchisement.

In the Senate Armed Services Committee program shown in cell D we had the additional "kicker." Now let's see what happened in those four cells, fiscal year 1980 to 1981. We are talking about mental category I to IIIA, smart youngsters, high school diploma graduates. Enlistees must have those credentials in order to participate in the program.

In the super-VEAP cell, which was used in 52 percent of the country, we went up about 16 percent across America. During the same period the Air Force increased about 2.6 percent and the Navy declined by about 6.6 percent. On the ultra-VEAP, where we had a sizable "kicker" you will note that the Army went up about 25 percent over what it did in 1980. Also, note that the Air Force went up and the Navy went up in those two cells.

In interpreting that data, there are a couple of things that should be remembered. First, the general economic condition changed between employment and seeking a job opportunity with the Armed Forces. In the HASC cell where the Army had only the 2-year option as an equalizer, note the Army went up about 7.8 percent, the Air Force went up about 8 percent and the Navy went up about 1.6 percent.

Finally, in cell D, the Senate option, the Army and Air Force went up 15 and 8 percent respectively while the Navy went down 3. If you ask me how do I interpret that data, given the fact that it is only a 9-month range of data, I would say where we have a differential we are able to make substantial increases; and where the differential is substantial we are able to make substantial increases in the number of high school diploma graduate mental category I to IIIA.

That is what we are talking about, I to IIIA's, high-scoring youngsters. If you look at the HASC cell C, you notice we stay even with the Air Force at about 8 percent. We don't make any great inroad, but we do make some increase. That is the data emerging out of the test. The Assistant Secretary of Defense has said that he will wait for the full data before he recommends to you what the new educational program should be.

Mr. NICHOLS. That is the 1-year test. We have completed 9 months, we have 9 months' data?

REPRESENTATIVENESS OF EDUCATION INCENTIVE PROGRAM TESTS

General THURMAN. Nine months under our belt, yes, sir.

Mr. NICHOLS. General, before we leave that, do you consider these tests to be representative?

General THURMAN. Representative?

Mr. NICHOLS. Yes.

General THURMAN. As the Army recruiter, I was not permitted to advertise the C and D cells of the tests. DOD did that advertisement. I was able to advertise only the A and B cell so there is quite a Duke's mixture in the terms of the marketing that went on in the test. If you ask if it is conclusive, let me just say to you that the Army went up 15 percent in test cell A, and didn't go up as far as I would have anticipated in the HASC side, test cell C. I would have expected the prevailing economic conditions to take the Army straight up on all cells. If you ask me is the House test useful to me, it was not against the other market conditions and the other services.

DO EDUCATIONAL INCENTIVES WORK?

HSDG MC I-IIIA EDUCATION INCENTIVE ELIGIBLES

FY 80 1/	23.7K	Contracts DEC '79 - SEP '80
FY 81 2/	28.1K	Contracts DEC '80 - SEP '81
Δ	4.4K	

1/ VEAP WITH $2/4/6K KICKERS IN 92% NATION

2/ CELL A VEAP WITH $2/4/6K KICKERS IN 52% NATION
CELL B VEAP WITH $8/10/12K KICKERS IN 18% NATION
CELL C HASC - $1200 TUITION/YEAR, $300 P/MO STIPEND - 15% OF NATION
CELL D BASIC VEAP/GOVERNMENT CONTRIBUTES INDIVIDUAL PORTION $2/4/6K KICKERS/15% OF NATION

SOURCE: RAND DATA
UNITED STATES ARMY RECRUITING COMMAND

Do educational incentives work? This chart is a very simple chart, again high school diploma graduate, I to IIIA. The answer is during this 9-month period, we have had a substantial increase of 4,400 high-scoring enlistees, or about a 20-percent increase in higher-scoring youngsters. Although we are running four different tests, not completely advertisable across the whole of America, we did 20 percent better in upper scoring youngsters. Therefore, education incentives do work in the marketplace.

RESERVE COMPONENTS

How about in the Reserves? That is on the next chart. Do education incentives work with Reserves? In 1980 we had authority to issue a $2,000 education bonus for the Army Reserve and the National Guard, a 4-year educational stipend, $500 a year for the Reserves and Guard. We enlisted a total of almost 500 in 1980 in the Guard and Reserve under this program.

RESERVE COMPONENT EDUCATIONAL ASSISTANCE

	$2000 FY 80	$4000 FY 81	
	Actual Contracts	Actual Contracts	% Increase
GUARD	222	2611[1]	1076
RESERVE	274	3167[2]	1056
TOTAL	496	5778	1065

1/ As of 31 Jul 81

2/ As of 31 Aug 81

Eligibility Requirements:

1. Non Prior Service
2. Graduate of secondary school
3. Category I-III
4. Enlist in designated units or select skills (11, 12, 13, 16, 19, 91, 95B)
5. 6 year commitment
6. For use in connection with accredited baccalaureate or equivalent program.

SOURCE: Army National Guard (ARNG) - National Guard Bureau
Army Reserve (USAR) - US Army Recruiting Command

Notice on chart 10 what happened in 1981 when the authority was given to us to double the educational bonus to $4,000 for the Guard and Reserves. Enlistments jumped to 5,700, and we are not yet finished recruiting for the year. The number may go to 6,000 or better by the end of this year. So if you ask me about the pulling power of the educational incentive, I am here to tell you that it is dramatic. It is the road to success if we are going to populate the Armed Forces with smart youngsters. It works both in the active side and it works in the Reserve and Guard side.

Please bear in mind one other pont about the Reserve side. I call your attention to the eligibility requirements at line 4. The education bonus is only for the skills indicated. That is infantry, engineers, artillery, air defense, armor, and medics and military police. Therefore, if this option was available across the entire Reserve establishment of America in 1982, for example, you would have a powerful magnet for youngsters to go to college through that machinery of the Guard and Reserve.

Mr. MITCHELL. Mr. Chairman.

Mr. NICHOLS. Mr. Mitchell.

Mr. MITCHELL. Are you attributing the entire dramatic increase in actual contracts just to the difference between 2,000 and 4,000? Are you factoring in the new enthusiasm for defense in the Nation, the fact it is now honorable to be part of a Reserve unit that perhaps it was not after Vietnam?

General THURMAN. I agree with you wholeheartedly.

Mr. MITCHELL. There is a new enthusiasm in the land.

General THURMAN. There is new enthusiasm in the land. That is largely a derivative of Congress and our President speaking positively about service in the Armed Forces. I am also saying that to have a 1,000-percent increase in 1 year due to spirit is not probable. I am also persuaded there is a dynamite attractiveness to the fact that the Reserve educational incentive is now a reasonable stipend to help a youngster go to school.

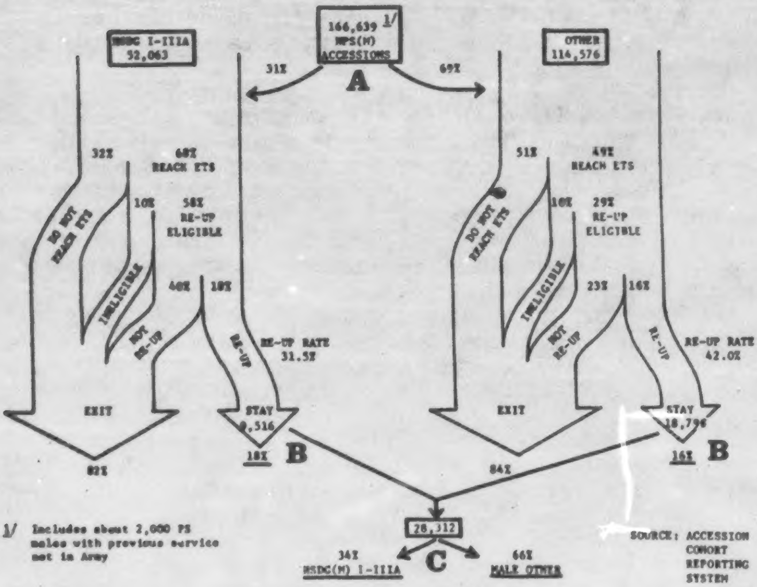
Mr. MITCHELL. It certainly is a dramatic increase. Along with people talking out in this country—a lot of us have been talking out for the 9 years I have been here—I think the fact that the ayatollah held our hostages for an entire year and the American people got tired of seeing the Iranians shaking their fists at them every night on television and the fact that the Soviets invading Afghanistan had a great deal to do with the enthusiasm for stronger defense. But you can't factor in anything like that.

General THURMAN. I cannot do it, particularly if you also are trying to factor in the effects of unemployment, economic conditions, and the like. It is very difficult to measure such factors.

Mr. MITCHELL. Wherever you go, you just see a total turnaround in the country in attitude toward defense. It is hard to find a dove in Congress. Every time we had a debate before that, the defense authorization bill would win but not by a huge amount. But now it is overwhelming. So, there has been a tremendous revolution almost in thinking as far as whether the American people want a strong defense or they don't. I would think that would have to be factored in because I think that has an awful lot to do with your numbers.

General THURMAN. Yes, sir.

FY 76 NPS MALE
ACCESSION COHORT RETENTION FLOW
(THRU 60 MONTHS EXPERIENCE)


166,639 1/
NPS(M)
ACCESSIONS
A
31%
69%
HSDG I-IIIA
52,063
OTHER
114,576
32%
68%
REACH ETS
DO NOT REACH ETS
10%
58%
RE-UP
ELIGIBLE
INELIGIBLE
40%
18%
NOT RE-UP
RE-UP
RE-UP RATE
31.5%
EXIT
82%
STAY
9,516
18%
B
51%
49%
REACH ETS
DO NOT REACH ETS
10%
29%
RE-UP
ELIGIBLE
INELIGIBLE
23%
16%
NOT RE-UP
RE-UP
RE-UP RATE
42.0%
EXIT
84%
STAY
18,796
16%
B
28,312
C
34%
HSDG(M) I-IIIA
66%
MALE OTHER

1/ Includes about 2,000 PS males with previous service not in Army

SOURCE: ACCESSION COHORT REPORTING SYSTEM

Let me turn to chart 11. One of the questions before the committee is, "will we pull people through with a two- or three-tiered GI bill?" That is to say, is there a high probability that a large number of people will get out quickly to use a GI bill? This chart appears very complicated, so I'll explain it. The broad letter A represents enlisted accessions for 1976. We brought in about 52,000 upper mental category youngsters that year, which was the last year of the GI bill, and the Army attracted 31 percent then that were upper half youngsters. If you follow the arrow down to letter B on the left-hand side of the chart, you will see we got about 9,500 of those people reenlisted. The reenlistment rate, then, is 31.5 percent, which tells you that you get about the same percentage of people reenlisting as entered in the percentage group that stay.

I have also calculated attrition values and included that on the chart. So, what I would say to you is that if you bring in more smart youngsters at the front end with the reenlistment opportunities that exist in bonus levels and the like, you will pull through a substantial number of people and the provisions of Mr. Montgomery's bill, which provides for an incentive at the 6th year of service and transferability rights at the 10th, will continue to pull people through.

I, for one, am not a handwringer on the fact that because you pull a large number of people in, they will all separate to take advantage of the GI bill. The track record shows a substantial number of people do stay with to populate the force. So, the smarter they are when you bring them in, the smarter the soliders that stay in. The right side of the chart shows the youngsters not high school graduates nor in the upper mental categories. On that side of the chart at point B, the reenlistment rate is about 42 percent. Therefore, we need to bring in bright youngsters in order to create young, bright noncommissioned officers and senior leaders in the noncommissioned officer corps.

AUGUST ENLISTMENT SUMMARY

NON-PRIOR SERVICE ACCESSIONS

HIGH SCHOOL DIPLOMA GRADUATES—MALE

	FY 1981 thru AUGUST 1981		FY 1980 thru AUGUST 1980	
SERVICE	NUMBER	PERCENT	NUMBER	PERCENT
ARMY	63,600	75	36,500	46
NAVY	54,000	73	46,900	71
MARINE CORPS	27,300	78	26,600	75
AIR FORCE	51,200	87	42,800	82
DOD TOTAL	198,100	78	174,800	62

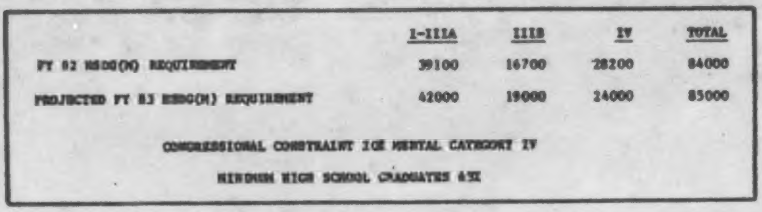
HIGH SCHOOL DIPLOMA GRADUATES—FEMALE

	FY 1981 thru AUGUST 1981		FY 1980 thru AUGUST 1980	
SERVICE	NUMBER	PERCENT	NUMBER	PERCENT
ARMY	14,400	93	16,400	85
NAVY	8,400	93	8,800	86
MARINE CORPS	2,000	100	2,100	99+
AIR FORCE	8,900	87	10,700	82
DOD TOTAL	33,700	92	38,000	85

SOURCE: OFFICE SECRETARY OF DEFENSE

Chart 12 shows we are doing reasonably well across all services. We have gone from 174,800 in 1980 in high school diploma graduate males to 198,000 this year. All services are up. I believe the educational tests and the general economic condition have had a bearing on th[illegible] clearly favorable to us. Nonetheless, the total number[illegible] substantially in high school diploma graduates.

FY 83 CHALLENGE



	I-IIIA	IIIB	IV	TOTAL
FY 82 HSDG(M) REQUIREMENT	39100	16700	28200	84000
PROJECTED FY 83 HSDG(M) REQUIREMENT	42000	19000	24000	85000

CONGRESSIONAL CONSTRAINT 20% MENTAL CATEGORY IV

MINIMUM HIGH SCHOOL GRADUATES 65%

SOURCE: UNITED STATES ARMY RECRUITING COMMAND

My last exhibit is chart 13. What does the Army face down range? This year, 1981, we should bring in about 32,000 mental category I to IIIA's. We have to raise that number to 39,000 in 1982. That is the reason I requested the Department of Defense to authorize the Army to continue with the ultra-VEAP educational incentive that is, the $8,000 and $12,000 "kickers," and they have authorized me to continue that in 1982. That is also the reason we asked for the authority of the veterans education assistance program to last 1 more year, because in the absence of that program we had nothing. Yet, right now we commence work for 1982 because we recruit youngsters for a year downrange. Because we are faced with not knowing the outcome of the GI bill this year, I requested and DOD authorized us to use the ultra-VEAP for 1982—if you go back to chart 8, Mr. Skelton—the B cell across all of America.

What is the task in 1983? We need to raise the number of high school diploma graduates and mental catgories I-IIIA up to the 42,000 to 44,000 level. That is essentially a function of the percentage of mental category that the Congress has legislated the Army to achieve in 1983. The Army must get down to 20-percent mental category IV in 1983. If you will notice, that is on chart 13. The population in mental category IIIB is essentially stable. Therefore, anytime the percentage value changes in mental category IV, it is essentially a laundering effect from mental category IV to mental category I to IIIA. I hope that information is helpful in explaining the continuing challenge in 1983.

To return to your question, then: Will enactment of a new educational assistance program impact on enlistees if they all receive the same benefit? The answer is yes. And that is the reason that the provision in Mr. Montgomery's bill that says that the service Secretary has the authority to provide additional "kickers" to fill critical shortages on the approval of the Secretary of Defense is a feature that must be retained in the bill.

Mr. NICHOLS. I am going to recognize Mr. Montgomery first since he has an appointment at 8.

Mr. MONTGOMERY. Thank you, Mr. Chairman. I probably shouldn't say anything because I think the general has done a wonderful job in support of H.R. 1400, which, before the other three members came in, I think General Thurman said that one of the problems they have is that they have too many tests, educational programs. What they need is one educational program for the recruiters to sell out there. Isn't that correct?

General THURMAN. Yes; that's absolutely right. One program is needed. You cannot market four programs effectively, and it is not fair to have different programs in different parts of the country. You need one program across all the Nation.

Mr. MONTGOMERY. Sometimes, then, what this subcommittee should do is come up with some type of—we are not totally wedded to H.R. 1400, but I think it points out we do need one educational program. General, have we had enough tests now to move ahead, with advice from the military services, to move ahead in Congress and come up with one educational bill?

General THURMAN. I think it is time to move now; yes, sir.

Mr. MONTGOMERY. OK, sir. My other point, Mr. Chairman, is that we have got to do something about recruiting for the Reserve forces and the National Guard in this educational field. When we put the kicker in—the $4,000, as you pointed out—we signed more contracts in reservists. I have an amendment—it would have to be offered here because it comes under the armed services, it wouldn't come under the Veterans' Affairs—under a certain part of the law would give reservists and National Guardsmen $140 a month for education.

We don't want to make it as high as the regulars, because I think the regulars—we have to build up our regular forces first but we have to keep a strong Reserve. It would be for 36 months and it would be implemented after they completed their 6 months of active-duty training. I might say that these Guardsmen, National Guardsmen, would have to sign up for 6 years to get this 36 months. So you are not really just throwing a big deal at them. But we think it will work. We think if we can do this, this will bring up—we have a lot of problems in enlistees in the Army Reserve, is that correct, General; your strength levels are down?

General THURMAN. The strength levels are down. They are improving this year and improved last year, but the Army Reserve strength levels are not anywhere close to wartime strength at this time. Nor is the Guard, for that matter. We have about 218,500 right now in the U.S. Army Reserve.

Mr. MONTGOMERY. You keep saying to me, and you hear me saying this over and over, but really about 50 percent of your Army combat missions now are in the National Guard and in the Army Reserve and you have more infantry battalions and more tank battalions in the Army National Guard than you have in the regular Army. So I think this bill goes a little further than helping the regulars. It moves into the National Guard and Reserve. Thank you, Mr. Chairman.

Mr. NICHOLS. Mr. Mitchell.

Mr. MITCHELL. Thank you, Mr. Chairman.

General, I want to commend you on fascinating testimony. I was especially interested in the quantification of the various options we have. It helps me to understand a great deal more, I think, if I could associate some numbers with this situation. That is very excellent data. I thank you for it.

General THURMAN. Thank you, sir.

Mr. **Mitchell.** I am concerned about the cost of the transferability feature. Someone told us in previous testimony that it adds about 40 percent to the cost of the bill. I wonder if you have any evidence, something similar to this, about just how much it will help retention. Is it worth nearly half the cost of the program to have that feature in? Will it retain 50 percent more people? Have you quantified that situation yet?

General **Thurman.** I don't have the precise quantification of that. The notion that I have tried to show is that if you bring smart people in, then you can pull smart people through the system and the power of the transferability right demands that a person continue to serve. That is the feature in the H.R. 1400 bill. I think that is a powerful one and should be retained in the bill.

I would not be adverse to a requirement that says if a soldier exercises the transferability right, he or she must continue to serve on active duty. I would have no objection to that particular provision. It would pull through bright young men into the midrange noncommissioned officer and senior noncommissioned officer skills, and that is exactly what we would like to do.

Mr. **Mitchell.** If the item is a small cost, we could say it is a nice idea to have it. But because it represents nearly half the cost of this program, as I see it, that is going to be the only objection. I would say the vast majority of the Congressmen support the concept of the GI bill. Many of them used it themselves after World War II. I think it would help if you could get some numbers.

General **Thurman.** I will try to furnish that.

[The following information was received for the record:]

Retention and Transferability

The subject of inclusion of the transferability feature in a proposed GI Bill was addressed in the August 1981 Attitude and Opinion Survey of Active Army personnel conducted by the Army's Soldier Support Center. It addressed educational benefit features, which could be earned through additional years of service, as in H.R. 1400, $300 per month as the basic allowance for an additional two years, an additional $300 after serving six or more years, and after earning these benefits, the option to elect transferability after completing ten years of service. The worldwide survey participants consisted of a random sampling of 5 percent of the active Army enlisted force. Soldiers were asked if they would reenlist at the end of their current term of service to achieve eligibility under the various options.

Preliminary data indicates that the transferability option, in combination with the basic program benefits, will be effective in retaining soldiers past the ten year service point. This appears significant since the criteria for dependent usage is that the sponsor must be currently serving on active duty or on retirement status. Chart depicting overall responses follows:

GI BILL OPTIONS—PERCENT OF SOLDIERS WHO WOULD REENLIST AT CURRENT ETS

[Percent change from previous option]

Educational program	First term	Second term	Third term[1]
No new option (status quo)	27.2	44.4	67.2
I. Basic GI bill: serve 2 yr; receive $300 per mo up to 36 mo for full time study	33.6 (+24)	45.7 (+3)	63.0 (−7)
II. Option I plus $300 per mo for those who serve 6 or more yr of service	38.1 (+13)	50.7 (+11)	68.3 (+8)
III. Transferability to dependents after qualifying for option I or II and serving 10 yr of service. Benefit usage while in service/retirement	39.8 (+4)	55.9 (+10)	75.2 (+10)
Overall increase from status quo	46	26	12

[1] Vietnam era GI bill benefits exceed option I benefits.

Source: August 1981 Sample Survey of Army Military Personnel.

Mr. MITCHELL. On the second page of your testimony you make the statement that we need to adopt an attractive educational package that will appeal to America's ingrained notion, the notion that the path to success lies in education.

General THURMAN. Yes, sir.

Mr. MITCHELL. Isn't it more than a notion? Don't we have a lot of studies to show that people that have a college degree are in a higher income level and people do have generally a better quality of life?

General THURMAN. Absolutely; yes. I think that is germane. The other point I wanted to make is that the Department of Labor study is a very unusual and powerful study because it looks at a substantial number of 18- to 20-year-old American youth over time. The study is to run for 7 consecutive years.

One of the things that comes out of that study done by Ohio State, statistically reliable samples, is the power of education as young men and women perceive their parents wanting them to pursue education. That may not necessarily mean that the youngster personally wants to pursue education. The whole notion—and I was trying to give it in the philosophical context—is that education is a powerful attractor.

As a sidelight, the increased use of the Federal loan and grant program and the decline of bright youngsters coming in the Armed Forces doesn't appear to me to be coincidental. It shows me that bright youngsters are indeed bright youngsters and they will shop for the best deal, and the best deal right now is to gain a Federal loan or grant so that they do not have to hear it from the first sergeant while earning their right to go to college. Therefore, the national manpower policy business should be looked at in terms of the total expenditures going in the educational sector, and how do these expenditures facilitate doing all the business that the national government must do.

Mr. MITCHELL. Right now a bright youngster can get just a loan or grant and remain a civilian, whereas if he wants to get educational assistance in the armed services he has to join in the VEAP program and pay part of it himself.

General THURMAN. Yes. That seems to be out of synchronization with the notion of trying to raise the strength of the national security establishment.

Mr. MITCHELL. As you realize at least as well as I do, General, in the years ahead costs are going to be a governing factor of program selection. If you could get the GI bill, but the money to run your operation would not increase, what would you sacrifice for it? Where would you list the GI bill in your priorities for retention? Is it near the very top or is it in about the midrange? What would you give up if you had to sacrifice something else for this?

General THURMAN. I don't know exactly what I would give up. The Army does a 5-year programmatic forecast about what to buy or invest in over a long period of time. When we do this perhaps we should analyze the national educational financial resources to look at not only what is in the Defense Department but also what is in the national educational stipends. It seems to me that there is a need to bring those together so we can take a look at all of them. Therefore, it is not only the funds in the Defense Department. We must also include those resources exterior to the Defense Department.

Mr. **Mitchell**. But those are choices you are going to make within the Army.

General **Thurman**. Yes.

Mr. **Mitchell**. Is there anything we can sacrifice for it, any other incentives, enlistment bonus?

General **Thurman**. First, in the enlistment bonus system there is still going to be a part of the compensation system within the Army. You are going to have to pay a disincentive "kicker" above the basic educational package to compensate for the Army's third place showing in the propensity race. Therefore, the enlistment bonus business may very well have to be continued.

On the reenlistment side, there may be some tradeoffs because you pull people through for a longer period of time. One of the things that happens when you get nongraduates is a very high turbulence, because 44 percent of those youngsters fail to complete their first term of service. Therefore, there are some payoffs in the envelope of training that could occur by attracting more high quality youth who stay longer to qualify for the benefits. But I would not ignore those that are exterior to the Department of Defense.

Mr. **Mitchell**. Thank you.

Mr. **Skelton**. Mr. Hillis.

Mr. **Hillis**. Thank you very much.

General, I appreciate the opportunity of hearing you. You touched on a couple of areas of my great concern, one with my colleague Congressman Montgomery on Reserves and what we should be doing there; second, in this latest round of questions and answers on transferability, because I have had great apprehension about that feature as to the cost and the result.

Is it worth spending this kind of money, 40 percent, for what you will get for it? It seems to me, of course, with the GI bill you will attract these bright young people.

General **Thurman**. Yes, sir.

Mr. **Hillis**. And without transferability, a certain percentage will find a home in the Army, the career that they like and they will stay. And do you think that will be sufficient? In other words; can we live without it?

General **Thurman**. I think the transferability feature, particularly after the 6-year point where you begin to double the rate, and at the 10th-year point where transferability begins, is a powerful pulling factor.

By retaining a noncommissioned officer through that 10-year point, with a retirement alternative at 20 or later years, we may be able to compensate for the very high level of bonuses that we are now paying for reenlistment, some of which go up to $16,000 for certain skills.

I think the combination of that makes a very powerful and compelling pullthrough. Now if, on the other hand, a person does not, in fact, stay with you and elects to get out, then, obviously, the transferability right has not been aggrandized and is not a lost educational payment.

In my opinion the current bill has a lot of merit; it should pull a large number of bright NCO's through to the 10th year. If they separate from the service, they have 10 years to use their benefit. As I said, I would not be adverse to a requirement for continued service as a prerequisite to using the transferability right to keep them in even longer. Even after 20 years, a person would be required to continue to serve in order to exercise the transferability right.

Mr. Hillis. Can you put any dollar sign on that feature, as to whether it would be a savings over the long run, being able to keep that second 10 years? Can you give even an opinion for the record?

General Thurman. I will try to come up with a quantifiable value for you about that; yes, sir.

Mr. Hillis. I think this is a real important point.

General Thurman. OK, sir.

Mr. Hillis. Because many members like Mr. Mitchell and myself, who have had to do some soulsearching as to this feature of the bill. It has not been, as I remember, in the prior programs. Of course, there are some rights for dependents, that sort of thing, but not this type of feature in the old GI bill as we have known it. It is going to be expensive.

But if there are offsets, as you say, without reenlistment bonuses, tradeoffs, perhaps it isn't as expensive as it would initially appear.

General Thurman. OK, sir, I will do my best to quantify that.

[The following information was received for the record:]

COST BENEFIT OF RETENTION THROUGH TRANSFERABILITY

We are unable to quantify any cost avoidance that could be attributed to inclusion of the transferability feature. Army Research Institute is developing a survey instrument that will include this topic. The instrument will be used to survey a random sampling of the active Army force. The survey data will be forwarded to the Congress when tabulated and evaluated. The estimated availability date is March 1982.

Mr. Hillis. Thank you, Mr. Chairman.

Mr. Skelton. Mr. Hopkins.

Mr. Hopkins. Mr. Chairman, thank you very much. If I may, General, let me talk a little about transferability. I am concerned, as I think some of my other colleagues might be also, in this area.

Who is eligible for transferability under this bill?

General Thurman. The eligibility would be invested in a person who has completed 10 years of service and continues that——

Mr. Hopkins. No; I mean who can that person transfer that benefit to?

General Thurman. The spouse and his children, to the best of my knowledge.

Mr. Hopkins. Would they all be eligible; is there any way that some of those people might not be eligible?

General Thurman. As far as I know, that is the provision of the bill.

Mr. Hopkins. Let me, if I may, because I think it is important to examine both sides of the coin——

General Thurman. They just reminded me that there is one amount to be broken down whichever way the member would choose to break that down.

In other words, it is not like sending three people to school at the maximum rate. Whatever the maximum entitlement would be, would be broken down. If there were one, two, three children, only one entitlement would be shared among them.

Mr. HOPKINS. Do you think that is a real incentive in recruiting?

General THURMAN. In recruiting? No. In retention, yes, recruiting, no. Normally about 18 percent of the men or women we recruit who age 18 to 24 are married, which is like the American labor force. There is no powerful incentive in recruiting at that age bracket.

Mr. HOPKINS. If I am in the service, General, and I transfer this benefit to my son, what is his incentive to join the Army?

General THURMAN. First of all, he can entitle himself to his own GI bill, if it were enacted, by joining the service in his own right.

If you had two children, one was male and one was female, one chose to go and one chose not to go, you would be able to distribute your assets accordingly.

Mr. HOPKINS. I mean, if my son took advantage of my benefit and went to school, he is, in fact, receiving a benefit that I earned for him.

General THURMAN. Yes.

Mr. HOPKINS. What is his incentive, why should he then say, gee, I think I will join the Army?

General THURMAN. There will be recruiting programs that are still running: For example, ROTC simultaneous membership programs, and service to community. Additionally, there are many incentives that in my opinion, would attract an individual to do his duty for national security. Reserve and National Guard service or being a member of the ROTC and becoming an officer are all programs which will continue.

Mr. HOPKINS. Can, if I may play the devil's advocate for a moment?

General THURMAN. Yes, sir.

Mr. HOPKINS. Don't interpret this as being negative toward this program, because it shouldn't be interpreted that way, but I think we need to examine some of these questions.

How would the Army respond, how would the public respond if Henry Fonda were in the Army and he passed this benefit on to his daughter?

General THURMAN. I think that is perfectly within his right if he had the entitlement, I think he could pass it on to his daughter. I would support that.

Mr. HOPKINS. His right you would support?

General THURMAN. If he was entitled and he wished to pass it on to his daughter, I would certainly I support him.

Mr. HOPKINS. Thank you very much, General. Mr. Chairman, that is all I have.

Mr. SKELTON. Mr. Hunter.

Mr. HUNTER. I just had a couple of questions, General.

Mr. Mitchell asked if you could get some figures on transferability. I would ask if you can get the figures of how much it would cost to transfer to children, only, as opposed to transferring to all dependents, that is, children and spouses, because it appears to me that if you have a 10-year man, if we get down to the point where we have to look at priorities and we have to cut costs to some degree, you are going to have wives who are immediately eligible for education; whereas you have got an aid benefit at least for children in most cases, if you are talking about a 10-year man, I would suspect.

If you can get those figures, I would appreciate that.

General THURMAN. OK.

[The following information was received for the record:]

COST OF TRANSFERABILITY TO CHILDREN ONLY

There is no information currently available to respond to this requirement. Army Research institute is developing a survey instrument that will provide this information. This instrument will be used to survey a random sampling of the active Army force. Survey data will be forwarded to the Congress when tabulated. Estimated availability date is March 1982.

Mr. HOPKINS. That is all I have, Mr. Chairman, thank you.

Mr. NICHOLS. Mr. Skelton.

Mr. SKELTON. First, General, I haven't seen you since you received your third star on August 1. I congratulate you and it is very well deserved, the promotion, for the outstanding work you have done in recruiting, that I am personally aware of, sir.

General THURMAN. Thank you, sir.

Mr. SKELTON. This education bill, General, isn't it about the last-year chance or the last gasp at all of the volunteer force? Isn't this the last shot at it?

General THURMAN. Is this the last shot?

Mr. SKELTON. If this doesn't work, we are going to have to look at a draft, aren't we?

General THURMAN. As I have told this committee before in my previous role, we are teetering on the brink of success if we can, in fact, get a proper educational package.

Mr. SKELTON. You think this might pull it out of the woods?

General THURMAN. Yes, I really do. I will tell you what has to go, and I am giving you my personal opinion. A concommitant piece of this problem federally run loan and grant program.

In other words, we fund an annual $6, $8 or $10 billion Federal loan and grant program that has no service connection with it, then given some of the inherent disamenities not only in the Army, but in the other services, a GI bill would have to be very rich indeed in order to overcome the pull-power of a loan or grant program that requires no service.

That is as candid as I can be.

Mr. SKELTON. Do you think this should be an across-the-board bill or should it be aimed at prospective members of the Army?

General THURMAN. I think it should be across-the-board all services. However, you are going to have to maintain a feature of the bill that permits the Secretary of Defense to provide a "kicker" for critical skills in the Army given the evidence I have tried to show you today that the Army is inherently the No. 3 service and nothing has happened to that propensity since World War II.

We are rapidly closing the propensity gap in the youth attitude survey, but the disamenity of infantry, armor and artillery service where there are no comparable civilian skills is still significant. Therefore, I believe we must have some added value administered by the Secretary of Defense or the Secretary of the Army to overcome that difficulty and attract youngsters to those skills.

Mr. Nichols. Will the gentleman yield on that point?

Mr. Skelton. Yes.

Mr. Nichols. I think that is a key question. What sort of a kicker do you envision, are you talking about an additional educational benefit or are you talking about continuing the current bonus to pay for the combat arms?

General Thurman. Yes, I think a GI bill and the current bonus scheme, which is up to $7,000 for 4 years of service, would go a long way toward solving the Army's recruiting problem.

One of the things that has been very difficult for us to measure but we are making progress on it, is the notion that there is a market out there in America for smart youngsters to come to work in the service for about 2 years and then go off to college.

That is what the 2-year program has shown this year in these four test cells. We are going to continue the 2-year program next year.

If a youngster can go out and get a loan or grant in the Federal or State sector, then requiring 4 years of service as the only way to obtain an education through a GI bill won't work because we will lose people who will simply not forgo their education that long.

However, H.R. 1400 does maintain a 2-year option and you get a commensurate stipend with 2 years' service. So I think for openers, we should start out with the bill and the bonus system as we now know it, watch it and come back and tell you, "No, we are going to have to apply an educational "kicker" on top of it in order to make Army service attractive to the proper number of high-scoring guys." But for openers, I would look at the bonus and the GI bill.

Mr. Skelton. General, it concerns me, suppose this is relatively successful, we get it into place and it is relatively successful and peace continues—and, of course, let's hope it does—is there not the fear somewhere down the road that this program might not be renewed by Congress and many of the people that have taken advantage of it feel like the deal has been reneged on, as evidently some of them might have felt when Congress cut off the various GI bills in years past?

General Thurman. I hope that we could continue it. We must populate our Armed Forces for the long run, and we are going to have to come up with a long-range strategy to do that.

I perceive that the long-range strategy is a fair educational——

Mr. Skelton. Actually, your challenges are going to be even greater——

General Thurman. Absolutely.

Mr. Skelton [continuing]. As the young adult population continues to decline, is that not true?

General Thurman. Absolutely. I believe Dr. Rivlin indicated in her testimony before the committee, that the youth cohort group declines over time. Obviously, we are going to have a tougher market. If the population market declines and the economy improves, then the challenge gets tougher to recruit.

In my view, the only way out is through the device that America inherently thinks is useful, and that is get an education, in concert with providing strength for the national security apparatus. That seems to me to be the only way to make our way through this process.

Mr. **SKELTON**. General, one thing that concerns me in your new role, I am sure it concerns you also, is the large number of people that come into the Army, I think it is 32 percent according to your chart, that leave before their estimated separation date, most of which make it through recruit training, is that not correct?

General **THURMAN**. No, sir, the biggest drop-out is in recruit training, where we lose 10 to 12 percent of our enlistees.

Mr. **SKELTON**. You only lose 10 to 12 percent in recruit training?

General **THURMAN**. Yes.

Mr. **SKELTON**. Which means 20 to 22 percent?

General **THURMAN**. Over the long haul.

Mr. **SKELTON**. Fall out before their term of service is up. So the largest majority of them is after their recruit training.

General **THURMAN**. The largest loss occurs in recruit training, but I guess if you aggregate it——

Mr. **SKELTON**. I am aggregating it.

General **THURMAN**. Let me explain——

Mr. **SKELTON**. Let me go on with my question. My time has run out, but I want to finish my question, if I may.

I recently had the opportunity to be briefed on the British Army system, regimental system and the like, and along this line, I found although they have recruit training of some 20 weeks, opposed to—what is ours, most 13 weeks?

General **THURMAN**. Thirteen to sixteen.

Mr. **SKELTON**. All right, depending; they have a 20-week recruit training. They weed out 33 to 35 percent during recruit training and from there on out, it is very minimal.

Why the difference? Is our recruit training so easy as compared to the British system? Why is it we have someone in 1½ before we find out he is not suitable to be a soldier?

Why the difference? This is costing the taxpayers millions of dollars every year.

General **THURMAN**. First of all, let me say the Chief of Staff has tightened up recruit training considerably in the last year, thanks to some congressional initiatives to lengthen the training so as to get a better handle on just that specific point.

Mr. **SKELTON**. You are not answering the question.

General **THURMAN**. I am going to get to it. We would like to weed out more. But I want you to remember that of that 32 percent aggregate, about 25 percent are high school graduates and about 44 percent are nongrads. So then the average brings it down to about 32 percent.

I would also like to remind you that the 32-percent figure includes every conceivable reason for getting out. Therefore, the data include more than the youngster who is ill-suited for service; it also includes those who die in service, receive compassionate separations, hardship discharges, moral turpitude discharges and, any number of other factors that cause a reason to separate from service.

Do we have some work to do about that? Yes. But I went down to my own alma mater, North Carolina State University, and with all high school diploma graduates as entrants, they have an attrition rate 38 percent in 3 years. Therefore, a 25-percent 3-year attrition rate for high school youngsters may not be awfully bad and may well be reasonable.

Now the reason we want to go after more high school diploma graduates is to bring that attrition rate down even further.

Mr. MITCHELL. Isn't another reason, General, that we haven't been able to meet our quotas, we are hanging on to what we have got, so we can fill in the slots.

Haven't we been less satisfied with quality in the past few years than we used to be?

General THURMAN. With all due respect, we have tried to change and go after the higher end of the marketplace. I think you would be pleased with the Army's progress. Last year we brought in about 66,500 high school graduate diploma males 77,000 this year. Part of this increase can be attributed to the educational benefits and other part to our effort to clean our house and go after the upper end of the market.

But that doesn't get back to Mr. Skelton's question about attrition. I believe our attrition is too high, but we are trying to do something about it.

Mr. SKELTON. Why not try to do something about it early so it doesn't cost that much money? If you are going to lose somebody, let's lose him early and get someone else in there to take his place.

I can't help but admire the British in the fact that their great attrition is during the first 20 weeks. It is probably more difficult to get out of the British Army, they probably don't have the type of hardships discharges, et cetera, like we have.

But they don't lose the money in keeping someone around another 6, 8, or 10 months that isn't going to make it anyway.

I would recommend in your position at least take a look at that, sir.

General THURMAN. Mission received, sir.

Mr. SKELTON. Thank you.

Mr. NICHOLS. General, you haven't answered my questions, either. I want to talk about this transferability. I don't believe we touched on that, that is on the second page.

General THURMAN. Is transferability to a spouse a good idea? Yes, it is a good idea. We think it will aid retention by the features you have in the fill from the 6-year point onward.

In the case of the Army, that will pull them into the second and third enlistment. In the case of the Air Force and the Navy, that pulls them clearly into the second enlistment.

Then with a 10-year point for eligibility to transfer, we think that is a very healthy point of transferability.

As I indicated to your colleagues before, I don't object to a requirement for continued service while transferability is being executed.

Mr. NICHOLS. Let's just propose now, let's look down the road, let's assume it is 1995 and here's a guy that went in in 1981, 1982, and now he has a youngster that's 18, ready to go to college, never served in the military a day in his life, never logged an hour of ROTC, never wore the uniform.

Does that bother you any in retrospect, that here's a civilian adult, 18 years old, that we are going to educate now; do you think you would have any fluff inside the military about this man that you are educating?

General THURMAN. I don't see it that way, sir. The way I see it is we still have a continuing need for populating the Reserve and National Guard, and we still have a continuing need to populate the officer ranks. However, the combination of educational benefits in concert with going to work in the Guard or Reserve will still pose a sales problem.

Nevertheless we have 875 junior ROTC detachments and all the infrastructure that is currently in place. Therefore, I think we would talk as many of those youngsters into going into the ROTC or Reserves, as we do now.

Mr. SKELTON. Mr. Chairman.

Mr. NICHOLS. Mr. Skelton.

Mr. SKELTON. Would you yield on that point? That really bothers me. That really does.

What you may be doing is buying one generation of soldiers and assuring yourself of more difficult times in recruiting when those youngsters reach the age of 18, 19, 20. I think we had better look at that very, very closely, this transferability.

Times could change, the military could very well become unpopular, you could have flag burners, et cetera, going to school because their daddy took advantage of this.

I think we had better look at that. I can imagine what the reaction would be within the military if that were to come to pass.

General THURMAN. OK, sir.

Mr. NICHOLS. Next question, if such a benefit is provided to transferability, in your judgment, your personal judgment, should it also be given to enlistees in the Selected Reserve?

General THURMAN. My personal judgment is no. The Active Force has got about 43 percent of the Active Force located overseas. I don't see any big change in that in the near future.

In my opinion the disamenities associated with service abroad are sufficient to leave that exclusively with the Active component.

Mr. NICHOLS. Final question is a rather difficult one. Are you familiar with the constraints that may come about, a lot of talk nowadays about cutting the military budget, shaving it here, shaving it there.

On the scale of 10, where do you place education benefits?

General THURMAN. Scale of 1 to 10?

Mr. NICHOLS. Yes.

General THURMAN. On a scale 1 to 10, if you want to recruit an Army in a volunteer mode, it comes up about No. 1 when one is the maximum on the good side. If 10 is the top value, then it is 10 on the good side.

Because if we don't recruit them, we won't have an army.

Mr. NICHOLS. I guess what I am asking you is, would you rather cut the Abrams tank and have the educational benefit?

General THURMAN. I have another list rather than the Abrams tank, sir.

Mr. NICHOLS. Mr. Mitchell.

Mr. MITCHELL. Thank you, Mr. Chairman. Back on transferability again, General.

The main justification for having that feature is so that people can earn it and remain in the services and still the credit can be transferred to someone else.

General THURMAN. That's right.

Mr. MITCHELL. They don't have to use it or lose it?

General THURMAN. Yes, sir.

Mr. MITCHELL. Has anyone thought about providing some kind of a bonus in lieu of taking advantage of the education? I know we have enlistment-reenlistment bonuses, but a bonus that would perhaps give someone who wasn't interested in going to college, maybe didn't have anyone in his family wanting to use it, maybe up to one-half or two-thirds?

General THURMAN. You mean a cash-in sort of provision?

Mr. MITCHELL. Yes; earn money instead of educational credits, based on what it would cost a year to provide a college education, maybe half, two-thirds, three-fourths?

General THURMAN. I would say a cash-in provision is an alternative, yes.

Mr. MITCHELL. Is it in the GI bill, any of the GI bills that we are looking at that you are aware of?

General THURMAN. Not to my knowledge.

Mr. MITCHELL. It seems like it would be a really good feature because the person won't feel he had served in vain, he won't have to get out in order to use it, it is something that he earned and would get cash instead of education.

Mr. NICHOLS. Will the gentleman yield at this point? Do you have any idea if that provision was in there, how many would opt for the cash?

General THURMAN. I haven't the foggiest idea, no. I am going to do some homework, though.

[The following information was received for the record:]

CASH-IN OPTION

There is no information currently available to respond to this requirement. Army Research Institute is developing a survey instrument that will provide this information. This instrument will be used to survey a random sampling of the active Army force. Its results will be forwarded to the Congress when tabulated. It is estimated that the data will be available in March 1982.

Mr. MITCHELL. Mr. Chairman, do I still have the floor?

Mr. NICHOLS. Go ahead.

Mr. MITCHELL. In the cost models you are developing, I know the Army, per se, won't be interested in the overall impact of the additional funds the GI bill might bring to the Federal Government because of the 4 years of education people get in the services, but is there any way that you can crank in those benefits in helping to sell your program.?

What I mean is that a lot of people took advantage of the GI bill after World War II, and as a result of the education, have a lot higher income than they would have had; they are paying huge gobs of income tax that they wouldn't have paid before.

I would think with the GI bill, the cost and increased taxes to the Government has probably paid the bill over several times. I don't have anything definite. But couldn't that be used as an argument, too, for—I guess it won't be just Army, but the Defense Department in urging a GI bill?

Because the benefits to the country, increased tax revenues, might easily pay for the cost of the program.

General THURMAN. I don't know. I will look at that, sir.

[The following information was received for the record:]

BENEFITS TO COUNTRY

The concept that the GI Bill pays back handsomely on its monetary investment in the form of increased income taxes is not new. In 1965 hearings conducted on the proposed enactment of a Cold War GI Bill, Senator Ralph Yarborough, Chairman of the Senate Subcommittee on Veterans Affairs, credited the Internal Revenue Service with an analysis of the World War II and Korean GI Bills stating that the government was "accruing a profit . . . of over a billion dollars a year."

Statistics maintained by the Census Bureau indicated that lifetime income is highly correlated with education level, therefore, producing higher income taxes paid into the U.S. Treasury. The most recent census data (1972), using 18 year olds as a base line indicates that the high school graduate's projected lifetime income would be $416K, while the college graduate's income soars to 609K. The college graduate's lifetime income is, therefore, projected to be $193K more than the high school graduate. Assuming a conservative 20 percent tax bracket, the college graduate would pay $38,600 more in taxes during his/her lifetime. If an eligible veteran was authorized the maximum monthly allowance of $600, as provided in H.R. 1400, and attended school the full 36 months, the total expense would be $21,600, thereby still providing a surplus of $17,000 to the Treasury. This surplus could be considerably higher if the veterans were in a higher tax bracket or used less than his full entitlement to obtain his degree.

Mr. MITCHELL. Thank you. Thank you, Mr. Chairman.

Mr. NICHOLS. Mr. Skelton.

Mr. SKELTON. I am inclined to think, without further study, which I will do, General, that on this issue of transferability, that there should be some definite linkage to the person that is receiving the benefit; that if someone's father was in the military, based upon this, entitlement of going in and educating his family, that that son or that daughter that takes advantage of the educational benefit must either be a member of the National Guard, the Reserve, or some ROTC program.

And they receive those benefits only so long as they are in the Reserve, National Guard, or some ROTC program. I am going to study this further, but it is my present intention, I would oppose any transferability as much as I can, sir, unless there is some linkage for that person to earn part of it themselves, by giving part of their own allegiance to the service, rather than just—I am afraid you are sacrificing future generations and inviting lots of recruiting problems after we are long gone from the scene, General.

I will study this issue further, but that is my present impression. I feel very strongly about the linkage between the two.

I certainly hope that you would look at that. I intend to pursue it and draft a provision along that line.

General THURMAN. OK, sir.

Mr. NICHOLS. Let me just say to the gentleman from Missouri that I tend to share his views on that. I am wondering also about the cash benefit.

As I recall in the past year, the bills we have had, certainly one came out of World War II, you either went to school or you went into an education program or you didn't get the money.

General THURMAN. I haven't looked at the cash business, but I would personally prefer to stay in the educational line rather than the cash out provision.

Mr. NICHOLS. Of course, the GI bill following World War II was an entitlement.

General THURMAN. Yes, sir.

Mr. NICHOLS. It was something we wanted to do for military people who served the country, served it well, it was an entitlement that they had earned, it was not used in the vein of retention or recruiting program.

That is one of the differences.

General THURMAN. Yes, sir.

Mr. MITCHELL. If the chairman would yield, the situation after World War II was also the services wanted to separate these people. They didn't want them hanging around. We want to retain them.

We have a different situation, really. Millions after World War II, we wanted to cut the number way down, so this was a way to encourage them to get out.

Now we want to keep them. If you don't give them something beside education, you may not be fair. I think it is a question of equity.

Mr. NICHOLS. Mr. Wincup.

Mr. WINCUP. To clear the record, I think the cash out does exist, but basically there is no way to test it.

General THURMAN. Yes; nobody has been enlisted long enough to test the cash out.

Mr. WINCUP. In your judgment as the past recruiting commander now in charge of personnel of the Army, can the Army make its quality goals, recruiting quality goals basically in 1983 and 1984, without an educational program?

General THURMAN. It cannot; no way.

Mr. WINCUP. Could you give us, on the issue of the retention aspects or the disincentives of the old GI bill and the concerns people have raised about a new GI bill, the fact that it encourages someone to use it to get out, is that really a problem for the Army?

In the sense some of your biggest problems are your shortages in the Selected Reserve but more so in the Individual Ready Reserve. You need a flowthrough of trained people to come out into that force to solve that problem because there is no solution to that problem in the near future that I am aware of.

General THURMAN. I appreciate your raising that point. If you don't provide an educational program to help bring people in the Army, you are going to end up having to resort to some sort of conscription in order to make the quantity and quality needs of the Army.

Therefore, if you want to pursue an all-volunteer system, then we need an educational package to help us recruit. That is one reason I am for the 2-year tour.

I find nothing reprehensible about having a young, bright person come in for 2 years of service and then go out and do his or her thing in college and become a factor in the civilian industry, the political apparatus, the unions, or whatever else it is that that person wishes to do in order to keep our population attuned to the needs of the military establishment.

I find no difficulty about pulling through a substantial number of people on the front end, some of whom get out and go back to civilian walks of life. That is exactly what we would like them to do so the Congressmen of tomorrow will have some sense about what the service is and what the national security problems are.

Mr. MITCHELL. Present company excepted, I hope.

General THURMAN. You all understand that very well. But it would be a mistake to bring everybody in with the hope they stay in for 30 years.

That is not exactly what we want. We need to bring in fresh people at the front end, and we need others to go back and become college presidents and responsible leaders in America.

Mr. NICHOLS. General, that is fine, but isn't that awfully expensive?

General THURMAN. It is——

Mr. NICHOLS. Two-year man, put another 2-year man in his place, another 2-year man, give him all the bonuses for 2 years.

General THURMAN. Every person that comes in for 2 years has 4 years left in the Reserve. We are talking about a 6-year commitment on even the 2-year person. I would rather do that to the tune of anywhere from 10 to 15,000 people a year in order to populate the Individual Ready Reserve and in order to pull them into ROTC. Those are just the kind of people that you want for that, because they are all smart youngsters.

I don't find anything expensive about that, particularly if you said the alternative would be to restore conscription. Instead of enlisting 2-year soldiers each year, we would be drafting 15,000 doing that a year, but 50,000 a year for a 2-year term of service.

Mr. NICHOLS. We would have to change the rules if we went into that sort of ball game.

General THURMAN. I am trying to establish that bringing in some people who clearly are going to get out is no problem. We teach them maturation and their long-haul worth and utility to the country are great.

Mr. MITCHELL. I was going to add the observation that with that concept in mind for that particular group of people that come in for 2 years, primarily for education, you don't need the transferability feature.

General THURMAN. That is absolutely right. There is no cost on transferability then.

Mr. MITCHELL. Thank you, Mr. Chairman.

Mr. SKELTON. May I add to this? To come to your defense, General: I had occasion to be down in Parris Island, S.C. two-star general, General Haebel, whom I am sure you know, in the U.S. Marines, in response to my question, how many of the young recruits going through here stay in the Marines as a career?

He said that only 20 percent of them stay in and make a career out of the Marines. He said, you know, Congressman, what we do is we help train good American citizens. I think that is really what every branch of the service does.

General THURMAN. We sure hope we do.

Mr. Skelton. That is the gist of what you were saying a moment ago.

General Thurman. Exactly, better stated than I did, sir.

Mr. Nichols. Mr. Wincup.

Mr. Wincup. Thank you, Mr. Chairman. General Thurman, just to follow up to point quickly, that is really an Army problem we are talking about, turnover issue, in the sense the Army has the shortage, other services don't need that kind of turnover.

General Thurman. That is exactly right, we have enormous requirements in the Reserve the Guard and the Individual Ready Reserve that must be populated in reasonable manner.

For them to serve in a unit, as opposed to attendance at only training with no experience about what a unit is all about, is much better for the soldier and provides that Army with a profitable member of an organized unit if we have to go to war. Hopefully we won't but if we do he or she will be a better soldier having served as a member of a unit. Such a soldier must learn small unit skills and he can learn them only in a unit.

Mr. Wincup. If I might philosophically, the chairman and Mr. Mitchell raise this issue. It seems there are different philosophies behind this GI bill that are not in conflict but ought to be taken into account.

We have in the past paid a GI bill as a reward for service and an adjustment to civilian life. That has been funded from the Veterans' Administration. What we have talked about in some of the bills that have been introduced are really to be used as recruiting tools and that part in a sense would be funded from the Department of Defense under most normal logic.

How would you react to a proposal, for instance, that had a basic level of benefit that was basically an award for service, everyone got it, paid for by the Veterans' Administration, because of the philosophy behind it, but anything in addition to that which was intended as a recruiting tool and/or retention tool, as was appropriate, that was funded by the Department of Defense?

You could take in the unique options, difficulties, for instance, that the Army faces and other services don't, and other services face that the Army doesn't.

General Thurman. First of all, I don't have any great trouble with the scheme you just outlined except you left out one other major feature.

That is, I think it is appropriate that as Congress proceeds down the track it should look at the total amount of Federal money that is involved now in student loans and education and see how all of that works toward a national policy that says we need a substantial national security establishment and we prefer to get it in a volunteer mode.

I would add a third ingredient which you left out, which is a review of the allocation moneys associated with the Federal loan and grant program.

The U.S. Army is going to have to have some unique benefits if everybody gets a GI bill, and that is what you said, a basic enfranchisement of everyone for service rendered. I think that is a noble scheme for service in peacetime. If you can keep the peace, it is the best kind of service because then the country does not go through the agony of war.

None of us want to go through that. It is a compensation for bright young men and women who volunteer their service to the Nation. There is an enormous contribution on the part of some youngster in the State of Washington who is willing to volunteer, put himself in our hands to go all the way to Fort Benning, Ga., for the purpose of jumping out of a perfectly good airplane and for the purpose of going overseas and serving in an airborne unit in Italy to asist our allies in keeping the peace.

To keep the peace, and we have been able to do that in the major land mass of Europe, it seems to me to be philosophically perfect to then say there is a basic educational stipend associated with that.

In the case of the Army, we are going to have to have a differential if all services have the basic stipend. I am just saying to you by virtue of 24 months' very hard work in observing the mechanics of the marketplace in America that due to the synergy between the Federal educational entitlements that exist without service and the market-inherent propensity of youth to volunteer, the Army must have some mechanism to overcome the disamenities of Army service that youths perceive.

If we have to fund that, so be it. Otherwise we won't have a volunteer service.

Mr. **Mitchell**. I can see how you are in competition with the civilian who just gets his loan. But if we provide a GI bill where the service individual gets his college free and the civilian has to repay the money that was spent on his college education, there is a good difference there, isn't there?

One is a bonus for service and the other, the person has to repay.

General **Thurman**. Yes, I would say that, and we do have some experience now based upon this yearlong test that would give you some indicators if the right analytical work is done to see what the pull power of that is.

If the economy gets very well, very fast, then you have another dimension to add into that. We must also consider the declining population.

The analysts will have to study those concerns and present the data so you can make judgments about that.

Mr. **Nichols**. General, one other area that I don't believe has been brought up, that is the treatment of officers under the old GI bill.

I believe under Mr. Montgomery's bill, your college ROTC man, when he was commissioned, if he were called in for 3 years, he is entitled to the GI bill. I believe that would, likewise, apply each to your academy grads when they go in service, obligated service.

We have educated these people already to a full college education. Do you think they ought to have entitlements over and above that? They would all wind up Ph. D's, college professors, or something.

Where do you draw the line?

General **Thurman**. That is a thorny one.

Mr. **Nichols**. That is why I asked you, that is why we gave you that other star, General.

General Thurman. I didn't get additional smarts when they gave me an additional star. If I had to give up something, I guess I would give up on that, if the financial costs become to burdensome.

Care would be needed to insure we didn't discourage people from participating in ROTC, but I believe that impact would be minimal.

I still think the power of the ROTC and the power of the very substantial education given at the military academy are two different things and we are dealing with two different sets of people there.

I suspect if you had to give up something, that might be a give-up.

Mr. Mitchell. No further questions, Mr. Chairman.

Mr. Nichols. General, I want to thank you for your testimony this morning. I think it has come from your heart, I think it has been forthright.

I don't think it is canned testimony you brought over here. We asked your personal opinions. I think you have given us that. We appreciate it.

General Thurman. Thank you very much, Mr. Chairman.

Mr. Nichols. The subcommittee stands in recess until 10 o'clock in the morning.

[Whereupon, at 11:36 a.m., the subcommittee was recessed, to reconvene at 10 a.m., Thursday, September 17, 1981.]

House of Representatives,
Committee on Armed Services,
Military Personnel and Compensation Subcommittee,
Washington, D.C., Thursday, September 17, 1981.

The subcommittee met at 10 a.m. in room 2216, Rayburn House Office Building, Hon. Ike Skelton presiding.

Mr. **Skelton.** Good morning, the subcommittee will come to order.

Today the Military Personnel and Compensation Subcommittee continues its hearings on an educational assistance program for the military. Our hearings this week and also next week will focus on each of the services to assess the problems of each branch of the military.

Our witnesses this morning will be Lt. Gen. Andrew P. Iosue, Deputy Chief of Staff of the Air Force for Manpower and Personnel, and Brig. Gen. Thomas C. Richards, Commander, U.S. Recruiting Service, Air Training Command, U.S. Air Force.

Gentlemen, before you begin your testimony, as our chairman has stated, the purpose of these hearings is to get the perspective of the services. I recognize that prepared statements must be cleared in advance. For this reason, I would like to strongly urge our witnesses this morning to provide at the completion of their prepared remarks their personal opinion, as well as the best thinking of the Air Force staff, on the following issues:

One, what would be the impact of enactment of a new educational assistance program on the Air Force?

Two, is transferability to a spouse and/or dependents a good investment to assist retention?

Three, if such a benefit is provided, should it also be given to enlistees in the Selected Reserve?

Four, since defense resources are constrained, would your service be willing to lose resources in some other program in order to fund educational assistance for enlistees, a transferability feature, and an entitlement for reserves?

General Iosue, these are only a few of the issues that need to be addressed during the course of the subcommittee's hearings. We look forward to your testimony and that of General Richards.

General **Iosue.** Mr. Skelton, General Richards and I appreciate the opportunity to appear before this committee this morning.

With your permission I would like to submit my prepared statement for the record.

STATEMENT OF LT. GEN. ANDREW P. IOSUE, DEPUTY CHIEF OF STAFF FOR MANPOWER AND PERSONNEL, U.S. AIR FORCE

General **Iosue.** I have a short briefing which will reflect my personal opinion as to why we need an educational incentive plan. Before I do that, I do have a statement addressed to the chairman.

On behalf of the men and women of the U.S. Air Force, I would like to express my sincere appreciation to all members of the committee for their untiring efforts to improve the quality of life for military personnel. In particular, I would like to thank you and Mr. Mitchell for your strong leadership and unwavering support of our goal to restore military pay to levels of reasonable comparability with the private sector.

A substantial pay raise and numerous other initiatives in the Armed Forces Pay Act of 1981 will greatly enhance our ability to attract and retain high quality people in the Air Force as well as the other services.

Aside from its strong tangible features this landmark legislation will send signals to the service people that the trend of the late 1970's has been reversed and the Congress is mindful of their sacrifices.

I would like to thank you, Mr. Skelton, for your staunch support of the bill and in particular for your amendment to the bill which provides for an increase in pay for those members of our AWACS crews.

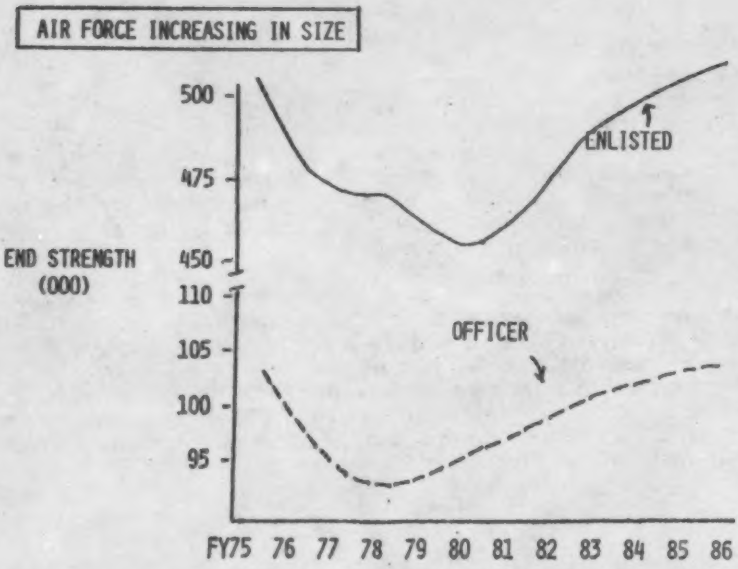
Mr. SKELTON. Thank you.

General IOSUE. What I would like to do is set the stage as we talk about an educational incentive program by telling you where we stand today in both recruitment and retention. As you know, we are having a good year in relation to last year and perhaps in relation to the other services. We recruited some 81,000 enlisted personnel this year. Eighty-eight percent of them were high school diploma graduates. That is in contrast to last year where 83 percent were high school diploma graduates. So we are meeting our recruiting goals and the quality is good.

As far as retention, the trends are in the right direction. Our reenlistment rates for first term airmen and for career personnel are all up from what they were last year. I think the economy is a big factor, and I will show you a chart which compares the economy to recruiting and reenlistment rates. Pay and compensation and the promise of increases in pay and compensation certainly have contributed to the present status. Improved public attitude, the attitude of the Congress, and the administration with their support being received, have all led to better retention and recruiting in the Air Force.

However, there are some factors we need to consider as we look at the years ahead.

WHY WE NEED A G.I. BILL



Why do we need a GI bill? For one thing, the Air Force is getting larger. The solid line reflects our enlisted force. As you can see, we bottomed out about 1980–81 and we are increasing. We are at 456,000 going up to 512,000, about a 12-percent increase. Our officers are going to increase from some 95,000 up to 106,000.

Mr. SKELTON. Why is that increase in personnel in the Air Force? Why is there such a need? The number of airplanes that you fly has gone down considerably.

General IOSUE. The numbers of aircraft, yes, but the missile force, the ALCM and the GLCM.

Mr. SKELTON. They are not on line yet.

General IOSUE. They are programed to come on. You see the force is gradually increasing up here, up to a point where it increases by some 65,000 for when it materializes in 1984 to 1986.

Mr. SKELTON. Forget those that are in your guided-missile area. Forget those that are in your ICBM area and let's just look at the administration and those that deal with the aircraft which we all agree has gone down in numbers certainly. Have those two areas increased just like the other areas?

General IOSUE. Yes, they have.

Mr. SKELTON. Why do you need more men for fewer aircraft?

General IOSUE. Because the maintenance manning standards were not adequate in the past to sustain those aircraft. This is partly a correction of those standards.

Mr. SKELTON. General, certainly the increase in personnel is not just in maintenance and mechanics.

General IOSUE. No, it is not. There are other areas that will increase.

Mr. SKELTON. What are the areas?

General IOSUE. The force——

Mr. SKELTON. What I'm getting at is why do we need all the people in the Air Force. That's what I'm getting at.

General IOSUE. They are mainly programmatic increases. They are tied to increases in programs. No. 2, they are corrections of manpower deficiencies we've had in the past and we are able to correct those pipeline and training deficiencies. We are increasing the length of our training courses.

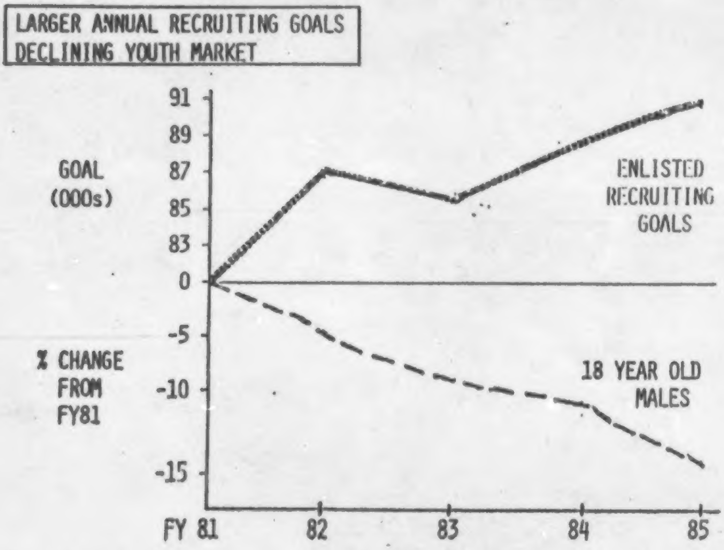
Mr. SKELTON. Which I congratulate you for.

General IOSUE. That has been a reflection of poor retention where we have sent people to units who have had to OJT. We are doing that and the pipeline and the training spaces associated with those increases are all reflected here.

Mr. SKELTON. Excuse me for interrupting. Thank you.

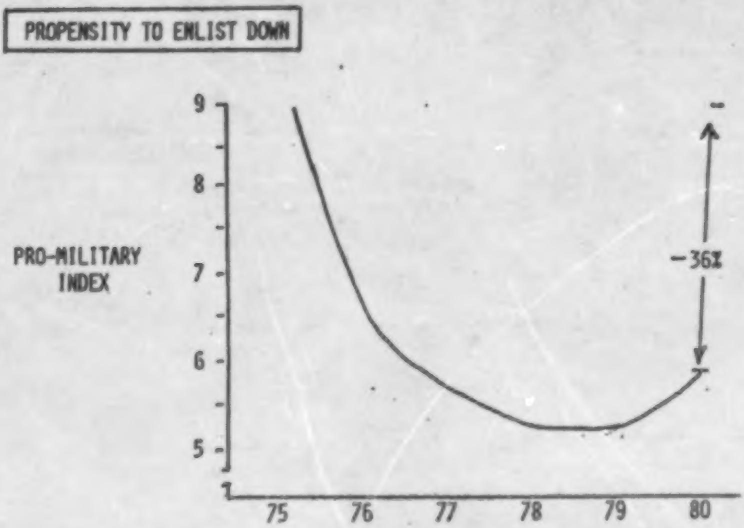
General IOSUE. So we do have about a 65,000 increase, about 12 percent. It means that we are going to have to recruit as well as retain more officers and enlisted personnel.

WHY WE NEED A G.I. BILL



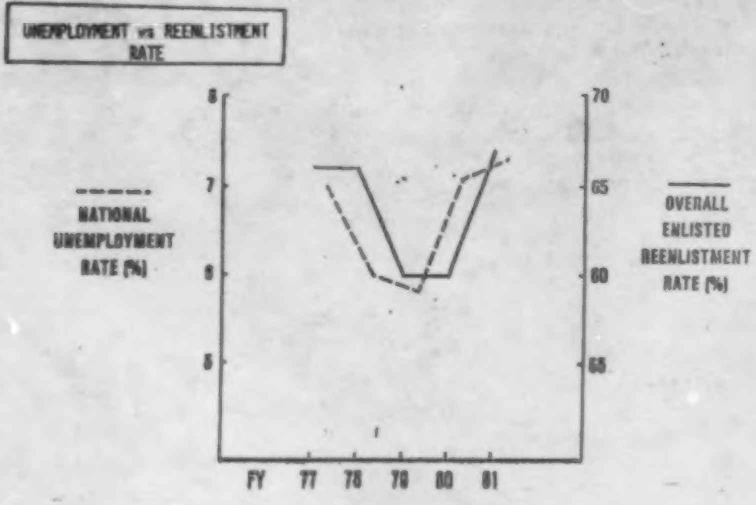
And it is reflected here. The baseline recruiting; here at the zero point is from 81,000, it will go up to about 86,000 in 1982 on up to 90,000. That, is compared to the demographics of our 18-year-old population, which will decrease from some 2 million down to 1.7 million, about a 15-percent decrease in the 18-year-old population. This results in bigger recruiting goals with a smaller population upon which to draw.

WHY WE NEED A G.I. BILL



Through a semiannual survey we find out the inclinations of 16- through 21-year-old males as to whether they desire or are inclined to join the military. The index here indicates that it has come down since 1975 to the point where we are now. We have about a 36-percent decrease in the propensity to join the military service.

WHY WE NEED A G.I. BILL



• SIMILAR CORRELATION TO RECRUITING EASE

I mentioned this earlier. There is a correlation between enlistments and reenlistments and the national unemployment rate. The dotted line reflects the national unemployment rate. It dates back to 1977 where you see it ran about 7 percent and dropped to a low of 5.6 in 1979 to 1980 and back up to 7.3 percent now.

And our composite reenlistment rate tracks almost identical to that unemployment rate. You could almost superimpose that. If the unemployment rate is high, reenlistment rates are high. If the unemployment rate is low, reenlistment rates are low. You could chart the same thing for recruiting ease. Unemployment is a factor. When unemployment is high, recruiting is much, much easier.

Why We Need a GI Bill

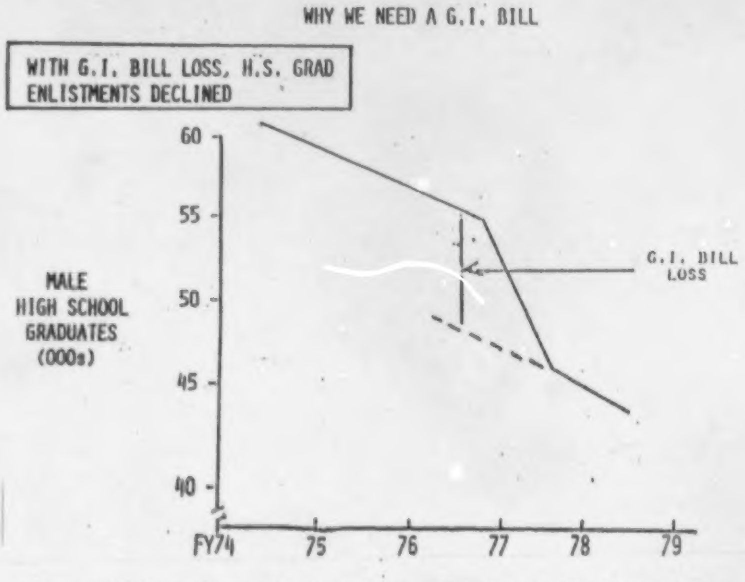
REASON FOR JOINING AF

1. Educational opportunities;
2. Skill training;
3. Earn a living; and
4. Serve country.

Why do we need a GI bill? We have tracked this and it has not changed over the years. We questioned our enlisted personnel at basic training. And it is true also for officers. They state these are the four reasons they join.

Mr. Skelton. Do you have any problem personally, General, with the change in concept. Initially, the GI bill was a reward for those who had served honorably and well. And now it's a recruiting tool. Do you have any problem with that personally?

General IOSUE. I think it has to be a product of both, a reward for honorable service and I'll show you the features that we desire in the GI bill and one is honorable service. As you know, the old GI bill allowed you to capitalize on that with less than honorable service. When the old bill was in effect you could receive educational benefits for less than honorable service. So I think it's a combination of both and we can use it as a tool for recruiting and retention. But we see the four main reasons and it is educational opportunities, skill training, to acquire a skill that they can use while in the service and then use after they leave, security, earn a living and patriotism, service to country. But the No. 1 reason is to take advantage of educational opportunities.



General IOSUE. Here's a chart that reflects the drawing power of the GI bill. We track it in terms of the numbers of male diploma high school graduates. Back in 1974 to 1975 we were able to bring on board in excess of some 60,000 male diploma high school graduates. You can see what happened with the demise of the GI bill in December 1976. It declined here. At this point where we cut it off, we had a rapid decrease in the numbers of male high school graduates. And it continues down in numbers towards 1979. The point here is when the GI bill was cutoff, there was a sharp decrease, and then it continued on down to 1979. So the GI bill was a factor. We felt that the GI bill brought on board about 10 percent more high school diploma grads during that period as opposed to the period when it was not in effect.

Mr. **Skelton**. Generally, the Air Force, as you say, is not having problems recruiting today and some of the other services are, particularly the Army. How would you feel about a GI bill that was directed solely to the Army and ignored the Air Force or even the Navy since you have no recruiting problems as of today, or one that might be kicked in in the event you did have recruiting problems.

General **Iosue**. I think the recruiting problems are relative. It isn't a matter that we don't have recruiting problems. We don't have recruiting problems today, but I am concerned about the recruiting problems of tomorrow and the next 4 or 5 years with the decrease in population and the effect of the economy and the propensity not to serve in the military and our growing Air Force. I think we are going to have problems and it is all relative. I think we would have difficulty meeting our recruiting goals if we had a GI bill that was tailored solely for the Army, Navy or any of the services. I think we should have a GI bill across all services.

WHY WE NEED A GI BILL

GI BILL NEEDED FEATURES—BALANCED TO IMPROVE BOTH RECRUITING AND RETENTION

Noncontributory, applicable to all, honorable service, tiered level, transferability, Reserve entitlement, and conversion.

Here's what we would like to see in a new GI bill. The services have talked about this and generally these are the features we would desire. We feel we need a noncontributory GI bill. The VEAP has not worked in the Air Force. We have a 6-percent participation with a very high dropout rate. On any one day you will find that only 6 percent of the members who participate in that program remain and stay. It has not been a good recruiting tool.

It should be applicable to all, both officers and enlisted, and all skills across the board. I think it would be demoralizing to have it pertain to particular skills. I cannot define a critical skill. One day it is critical and the next day it may not be. Also we would have difficulties targeting the bill toward certain segments of the population.

It should be, as I mentioned, for honorable service. The GI bill of the past was not. And we should have a tiered level. I feel we need to tier it, increasing entitlement——

Mr. **Skelton**. You are going to have a little trouble there, are you not, because you don't have in many cases to take advantage of this a full and final discharge.

General **Iosue**. Well, you do. There may be some separations that would change, but I think we do know if they are going to be honorable. Now they may be changed later under some circumstances.

Mr. **Skelton**. I'll come back to that. Go ahead.

Mr. **Mitchell**. What does tiered level mean?

General **Iosue**. By tiered level I mean, for example, H.R. 1400 provides for 3 years of service a $300 per month stipend, and for 6 years, it would go to $600. What I mean by tiered level is that I think we need a delta, one that brings them on board and a second tier that entices them to remain on board, because the stipend is

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larger after the first reenlistment point. I think we should have transferability. I think this would be the most potent part of an educational incentive plan.

Mr. **Skelton**. What do you understand transferability to mean?

General **Iosue**. Transferability I believe is misunderstood. I think the way we have it tailored now so that at the 10-year point, it allows the midcareer NCO or the midcareer officer to take the entitlement, and transfer whatever the entitlement may be to the spouse or to the dependent as long as they remain on active duty.

Let me see if I can track this for you. We take an enlisted man who comes on board at 18 years of age. He is then entitled to transferability at 28. Say he is married the first day he entered service and he now has a 10-year-old child. That child is not eligible for college, so he would have to wait until the 18-year point to be able to transfer that entitlement. So now what we have is an NCO motivated to stay for 18 years. Certainly, he's going to stay for 20 because he must stay on board to be able to use the transferability feature.

Mr. **Skelton**. I have a problem with that and let me get your opinion on this, if I may, General. It could very well be that by using this transferability feature that you are mentioning you could have a young man, a series of young men, young women, going to school on their daddy's transferred benefits. And yet you could very well have another era of an anti-Vietnam war era and a whole group, a whole population of college students in protest movements, et cetera, that are being paid for through a GI bill.

Now I just wonder how that would make the person in the service feel. I would personally feel that that person receiving any transferability benefits should owe something to the Federal Government, either by being a member of the ROTC of some service, being in a National Guard unit or being a member of the Reserves. If not, I have serious trouble with any transferability because there is no such thing as a free lunch in this world and I think that to be able to transfer that to an individual, although he may be the son of a very honorable and fine serving officer I think is probably sacrificing future generations of recruitment to get a good start at recruitment in this generation. I think we had better look at that very, very carefully. And I would oppose that very, very much, sir.

What is your thought on that?

General **Iosue**. As I mentioned earlier, I think transferability is important. It is important because I think if we are going to have a GI bill, it should serve two purposes. One, recruitment and two, retention, since as far as the Air Force is concerned, our problem is not now mainly with recruiting. Recruiting will be difficult later on, but we now focus on retention—the retention of both NCO's and officers.

Now, as far as transferring that entitlement to a spouse or to the dependents, we find that last year 80 percent of those who went to school, who were in college, had some form of financial assistance from the Federal Government, 80 percent of them.

There were some flag burners and there were people who were of the type you have mentioned. But I think transferability would pay back. It would pay back in two ways. One is we retain that individual. It would be a powerful retention tool. They won't leave. Education is getting so expensive and with the decrease in Federal spending for education I think they will stay with us for 20 years. Two, I think the children of military members will feel an obligation to serve to pay back that entitlement, I really do.

We find that children of military members have a greater propensity to serve. We find many of them go to the academies or go through officer training schools or come into the service in enlisted status in much much higher percentages than those who are not associated. So I think there would be an obligation.

Mrs. **Holt**. Mr. Chairman?

Mr. **Skelton**. Mrs. Holt.

Mrs. **Holt**. Isn't it true that what we would be doing is providing something for the service person not for the child. Most of us spend our lives amassing enough money to send our children to school. And so you would be providing a way that this person serving his country could save some money or save some credit so he could educate his children.

General **Iosue**. Obviously, when we have poor retention we try to find out why, why did they leave. And one of the factors that comes out loud and clear, particularly with senior NCO's, is that I cannot afford to educate my family. Therefore, I can take my skill—it is a marketable skill—and earn more. In maintenance we have NCO's on the flight line, he's a master sergeant. He gets $17,000 a year. He can go to United Air Lines the very same day and not go through any training and pick up $37,000 per year.

Mrs. **Holt**. That's what most of us work for is to educate our children.

Mr. **Mitchell**. Are we having an open discussion, Mr. Chairman, on these points or do you want to wait and have the 5-minute rule. What's the procedure?

Mr. **Skelton**. As long as we're on this question of transferability I would like to get these questions out of the way.

Congressman Montgomery.

Mr. **Montgomery**. Thank you. It looks to me after hearing General Iosue and hearing General Thurman yesterday there is no question about it that a new type of GI education bill would mean a great deal for the military service and General Iosue has not changed his testimony one iota, that I can tell, from what he testified before the House Veterans' Affairs Committee. So, my colleagues, it looks like it gets down to this: We've got four programs out there now that are not being used that much. General Thurman told us yesterday that he thought we had tested enough, that we need to come up with one good GI education bill. And I think it would be up to this committee to decide whether we have transferability or what we would like. Quite frankly, the points you make up there really track H.R. 1400 pretty well.

On the transferability I agree with you. I think this is very, very important. We went out in the field in the House Veterans' Affairs Committee and that was the most attractive part of it, Mr. Chairman, was the transferability. If we could keep 100 fliers or aviators in the service per year just with transferability, it would almost pay for the program because it really costs a lot of money to train these fellows.

We have in our bill now in H.R. 1400—and I think at a later time it should be discussed, maybe when we start marking up the bill—you said, General, that you thought that they should have a transferability eligibility while they serve and after they left the service it should not be extended. Our bill says 10 years. How do you feel about that?

General **Iosue**. Ten years after their 20-year point, yes.

Mr. **Montgomery**. You would accept that?

General **Iosue**. I would allow them tc use transferability while they serve up to the 20-year point and then allow them 10 years beyond that when they're out of the service to transfer the benefit. They can transfer as long as they're in, and someone is eligible, to their spouse or dependents. Once they leave prior to the 20-year point then you discontinue that educational allotment.

Mr. **Mitchell**. Will the gentleman yield at this point?

I know transferability is projected to cost about 40 percent of the whole package. You are talking now 20 years from now. Are you indexing this tranferability to account for the 40 percent? Because if you are saying the person can use it 10 years after he gets out, where are we now? This is year 2000. What do you project in inflation? What I'm saying is that it could be very, very expensive.

General **Iosue**. The GI bill in its current state as we see it now will cost about $2.2 billion. And as you stated, 40 percent of the cost will be accrued because of transferability. That is $800 million for transferability—is that about right? The Air Force share of the GI bill would be about $600 or $700 million and the transferability cost of that would run about $230 million.

Mr. Montgomery mentioned that if you save a few fliers—it costs for an F-15 pilot $1.2 million to get him combat ready. We lost in 1979 and 1980 6,200 pilots. All we really had to retain would have been about 220 of those to pay for our portion.

Mr. **Mitchell**. Do you have any studies to show that the lack of a GI bill was the reason they got out or they got out because they could have a lot better deal in the civilian sector? Wasn't it mostly the disparity in pay?

General **Iosue**. I've said that a number of times.

Mr. **Mitchell**. Have you done any studies to find out just how important the GI bill is compared to competitive civilian salaries?

General **Iosue**. Well, it's certainly a factor, because that's an expense they have to bear and when they get to be a captain they have 10 years, or major, and their salary is $17,000 or $18,000 a year and they're thinking of educating their child and they look as a pilot at an $18,000 salary and they go to the airlines perhaps at an earlier date.

I just read the contract for United for a captain, $165,000 a year.

Mr. **Mitchell**. What are you hanging around for? [Laughter.]

General **Iosue**. They have laid off a few pilots. I don't think I have a chance of getting on.

Mr. **Mitchell**. Are you thinking about it?

General **Iosue**. There was a time.

Mr. **Nichols**. Go ahead, General, with your statement.

General **Iosue**. What I did, Mr. Chairman, and the services have discussed this with Congressman Montgomery—I have stated the parallels with H.R. 1400. Here's what we feel are the most important features of an educational incentive plan. I got down to transferability and we talked about that, the importance of transferability as far as the retention factor and the cost of transferability.

But I feel it is well worth the cost to retain midcareer NCO's and officers. I think it should pertain to Reserves, a portion of it, for so many years of Reserve service to pick up a portion of the entitlement. And I think there should be a conversion factor for those who have participated in the old GI bill or the VEAP program where they can convert to a new educational incentive.

WHY WE NEED A GI BILL

SUMMARY

Services need new noncontributory education incentive to recruit and retain.
Transferability essential for retention.
Program must apply to all services, all specialties, all personnel.
A national asset—will pay for itself.

And the bottom line of all this is we are doing well this year recruitingwise and retentionwise. I think we have an awful lot of things going for us. We are concerned about what is going to happen in the next 4 or 5 years and we think that an educational incentive plan is necessary. And most importantly to help our retention, we think transferability is a very, very important feature of any GI bill and it must not be targeted toward one service. It must be targeted toward all of the services, toward all the personnel, not only enlisted, but officers, and all of the skills.

It would be a nightmare to administer, if we just targeted toward certain skills because of their criticality. Criticality is very fragile. They are critical one day but not the next. We are talking about a unit that goes off and deploys and fights and then finds the cook is equally as important as an avionics specialist.

And he is a national asset. I feel that is so. Studies from the old GI bill reported that for every dollar that was spent to pay for the GI bill, there was a $3 payback in terms of revenue collected by the Federal Government. I think we upgrade the educational status of our young people and provide the assistance that is necessary. And it is certainly going to provide a retention tool at the 10- to 20-year point.

Mr. HARTNETT. Mr. Chairman.

Mr. NICHOLS. Mr. Hartnett.

Mr. HARTNETT. Could you tell me a little bit more—one of the things you had listed on your other page was Reserve entitlement. How would this be applicable to the Reserves?

General IOSUE. I would support the Army's request that an individual come on board for 2 years and then would stay in the Reserves for 4 years, or a total of 6 years. He would then be able to pick up a portion, maybe one-half of the entitlement for spending 2 years Active and 4 years Reserve, or perhaps the full entitlement.

I'm talking about splitting the time between Active and Reserve and for those perhaps you could have a portion who go directly into Reserves and commit themselves to remain for a certain period of time.

Mr. NICHOLS. Mr. Hunter.

Mr. HUNTER. Thank you, Mr. Chairman.

General, one thing that was stressed by General Thurman yesterday, which he often talks about, is the fact that he is competing and we are competing with the student loans in the civilian sector. Basically, as Mr. Montgomery said, we have a GI bill with no GI's. Do you have any suggestions in engineering a GI bill for making some kind of a commensurate conditioning of the civilian student loans on some type of military service. He comes back to that time and again.

General **Iosue**. I think it is timely. I think implementation of the GI bill is timely. I think we see a decrease in Federal assistance.

Mr. **Hunter**. Do you think we should help prolong the decrease in Federal assistance?

General **Iosue**. From a selfish standpoint, I don't know how the world of academia will react, but from a selfish standpoint I would like to see a decrease because that would mean the GI bill now would have more drawing power and our ROTC scholarships would have more drawing power.

Mr. **Hunter**. Do you have any suggestions along that line how the civilian student loans could be conditioned?

General **Iosue**. I have a suggestion if your student loan program runs $9 billion and this is going to cost $2.2 billion, we can make a $6.8 billion Federal assistance program and foot the bill with the decrease in the Federal educational assistance program. There's a tradeoff there. We would in essence be providing educational assistance for a like number of people.

Mr. **Hunter**. I have one last question for you and that is that it has been stressed that the transferability is costing 40 percent and we have had some talk about transferring only to children rather than to spouses and children. What do you think about that? I come from a State, from California, where we have community property laws and the only thing I can see as a problem is you are going to have Mrs. Smith halfway through her education and there will be a dissolution of the marriage and there will be a question of whether it is community property. Does she get to complete it as part of the decree?

If they are your children, they are always your children.

General **Iosue**. Well, your children are always your children, but I would think if given the option of providing that education to your wife or children, I think you would hold off, stay on board and hold off until the 18-year point and then provide that benefit to your children and let the wife fend for herself.

Mr. **Hunter**. Thank you, Mr. Chairman.

General **Iosue**. I feel that way. I think given a choice if you only have so much of an entitlement and you use it and once you use it it's gone, I think you would save it for your children. First, I think a very small portion would be used for spouse education. Single members or married members without children are very small numbers. We have about 2.5 children average for military members and about 95 percent are married at that 10-year point and they generally do have families. And I think that to cut the spouse out would reflect a very small savings certainly.

WRITTEN STATEMENT OF LT. GEN. ANDREW P. IOSUE

Mr. Chairman and Members of the Committee: On 10 September 1981, Dr. Larry Korb, Assistant Secretary of Defense for Manpower, Reserve Affairs and Logistics, testified before this committee and expressed the views of the Department of Defense and the Administration on the subject of a new GI Bill. Dr. Korb requested that the Congress delay enactment of a new education package and provide the Administration with an opportunity to analyze the results of the educational tests mandated by Congress last year and the 1981 recruitment results. According to Dr. Korb, the Department expects to present the Congress with its proposal for an educational incentives program in early 1982.

As we enter the decade of the 1980s, the Air Force as well as the other services are faced with an extremely difficult challenge in meeting and sustaining our manpower requirements. The primary recruiting resource is diminishing. Demographers indicate that the population of 17-19 year-olds is forecast to decline by some 20 percent by the year 1992; the number of 18 year-olds will decrease 15 percent by 1986. Additionally, since 1975 the propensity of young men to consider military service has dropped substantially. There is also increasing competition from the private sector that impacts on our ability to attract and retain quality, skilled people, particularly those in the technically-oriented fields so critical to Air Force needs. At the same time that our recruiting resource is declining, our force structure is building. This occurs just as we are hopefully emerging from a period of very poor retention. Thus we need extraordinary retention rates to keep our most valuable asset—experienced people.

The Vietnam era GI Bill was a strong incentive for military service. Upon termination, we experienced approximately a 10 percent decline in male high school diploma graduates relative to the number we expected to access. The replacement for the GI Bill—the Veterans' Educational Assistance Program (VEAP)—is now under review by the Administration. However, I would note that after four years under VEAP, only 6 percent of Air Force eligibles are participating despite concerted outreach efforts to insure that all eligibles are fully aware of the program. Yet, the Air Force clearly needs predominantly high school graduate recruits because of the demands of our technical training programs and our relatively large number of high technology jobs. A well designed education incentive could be the key to restoring our pre-1976 levels of high school graduates.

In addition to the anticipated tough recruiting climate, of equal concern to the Air Force is the need to be able to retain adequate numbers of our highly skilled mid-career officers and enlisted personnel. There is growing evidence that last October's pay raise along with the other new compensation initiatives—and indications that additional such incentives may be forthcoming—are bearing fruit. We need to ensure that any new education incentive does not work against the improvement we have begun to see in retention. While the old GI Bill was a strong recruiting incentive, large number of people who entered the military left to use their education benefits upon completion of their initial obligation. This was offset to a degree by in-service education programs, including the in-service provisions of the GI Bill, which have helped to retain our quality people. Today and in the future the Air Force needs extraordinary personnel retention to compensate for past experience losses, meet the growing force structure, and handle the more complex weapon systems with an increasing technological content. A new educational incentives program must include features that will influence sufficient numbers of skilled enlisted and officer personnel to remain in the Air Force and continue to provide the experience base we need to meet the manpower requirements for defense of our Nation in an ever-increasing technological environment.

A properly designed new education incentives program should assist the services in competing, in a more difficult recruiting environment, for the high quality young people and at the same time help to meet our critical retention needs. A balanced program is essential—one which offers adequate incentives "up front" to attract high quality young people and which has strategically placed retention incentives designed to promote continued service from substantial numbers of highly trained and experienced personnel.

We believe that a new program designed along these lines will provide the services with the balance necessary to meet both their recruiting and retention needs. If the All-Volunteer Force is to be sustained, we must be capable of making military service and a military career viable alternatives for young people from all walks of life and every part of the Nation. Such a program will pay for itself by reducing personnel replacement costs and improving readiness for the Services, as well as by increasing productivity and tax revenues for the entire Nation from the increased earning power produced by higher education.

Thank you for the opportunity to address the distinguished committee on this very important issue.

Mr. Nichols. Let me ask you a question, General. You don't have any problem recruiting, do you? Be honest with me. I know you will.

General Iosue. This is a good year. General Richards will attest to that. He's the Air Force recruiter.

Mr. Nichols. Wasn't last year a good year for you also?

General Iosue. Relatively. This is a much better year. It is easier recruiting this year, yes.

Mr. Nichols. Isn't it true that the Air Force has less problems in recruiting than any others?

General Iosue. I'm going to ask General Richards to respond to that.

General Richards. I wasn't the commander of recruiting last year, but I can speak to one side of recruiting last year that was different from previous years. From our standpoint last year and this year are the only years where Air Force recruiting had the resources necessary to do a good job. And by good job I mean bring a significant number of high school graduates into the Air Force. And those are the people we need to do our Air Force job today.

As you can see from our record, we have increased the number of high school graduates significantly, thanks to Congress and the resources that they gave us. Yes, we are doing a good job but we are doing a good job not just because we have a unique service to sell, I think it is for several reasons.

First, the economy has been bad and that always helps us. There's no question about it. You can look at the other services and they're doing well. They're all doing well. We also have a professional recruiting force that I think gives us a decided advantage, an all-volunteer recruiting force. And so they are able to sell our product I think in a more persuasive way.

Mr. Nichols. The point I was trying to make is that probably of all the other services you have less problem in recruiting the type young man——

General Iosue. We do have fewer problems.

Mr. Nichols. I think you would concede that. Therefore, I'm just wondering if the GI bill is fine, yes, we'd like to have it, but if you had to make a choice between that and the B-1, where would you put it? I'm saying that because we may have to make some hard choices here and down the road.

General Iosue. I understand, and if you ask me what resources I would identify to pay for a GI bill, I would be hard pressed to come up with them. It's certainly not my position to do so, but I certainly can say this, that I think for easier recruiting, higher quality, less turnover, better retention, it just takes a few pilots to pay for all this. The numbers we have lost in 1978, 1979, and 1980 can certainly foot the bill for this. That's the resources we would tradeoff. I think it is cost avoidance. We can foot the bill with a better quality individual who stays on board. I don't want a GI bill that brings him on board and motivates him to get out to go to school. I want one who comes on board and stays and that's why I push so hard for transferability. I don't think we should try to bring the Air Force down to the recruiting quality levels of the Army. I think we should try to raise all of the services. Granted we have had an easier time and why is obvious—wild blue yonder, airplanes, a job that is technical and the skills are usable skills. We have good people and we attract good people. We don't have field duty. We don't have sea duty, and the kids know this and that's why they choose the Air Force.

Mr. NICHOLS. Does it give you any concern that 18 or 20 years down the road, should we pass this bill, that you are going to have youngsters, sons, and daughters of people who will be going in now, who never served a day in the uniform, whatsoever, that are going to have built-in entitlements because their father or mother served in the military and came in under this. Does that bother you and do you see any conflict 20 years down the road between the man in uniform at that time and these people who are nonmilitary young adults, 18 years old, who will be taking advantage of the GI bill?

General IOSUE. I would like to think that the military member who took advantage of a program such as this and transferred that entitlement to a dependent would then urge that dependent to feel an obligation to pay for that by coming into the military. After completion of their education they could bypass the academy, bypass ROTC—that's cost avoidance—they would come in off the street with a degree and go right into the Air Force. I think members of the Air Force, or the military as a whole for that matter, would do that. I think they would feel an obligation.

Mr. NICHOLS. How do you look at GI entitlements for ROTC graduates? Under the bill we are talking about they would be entitled just like the E-1 and how do you look at the academy graduates, the people who have completed at Government expense?

General IOSUE. All of our officers do have degrees regardless of the source, what commissioning source. We questioned them as well, and they state that one of their main reasons for coming into the military is to take advantage of educational opportunities. They may have a degree but that degree becomes outmoded and it is perishable. They too are going to have to upgrade their degree or go on to another degree. You know they come in and we put them into skills that not necessarily are tailored to the degree they have.

Mr. NICHOLS. Gentlemen, we have a vote on the rule, and I believe at this time we are going to recess for about 10 minutes and we'll come back.

[Recess.]

Mr. NICHOLS. The subcommittee will come to order.

General Richards, let me ask you, if I may, with reference to the line of questioning I was pursuing on your recruiting problems. With the recent pay increase I guess you would forecast for the foreseeable future that you don't have any problems even without an educational program?

General RICHARDS. Yes, sir, I would say that for the foreseeable future. I would like to say one thing, though, about that. Given that everything remains relatively constant for the foreseeable future, given that the economy remains fairly flat, as it has been the last year or so, and that additional tools are not given to the other services, yes, I would say that the market will stay about the same.

Mr. NICHOLS. You covered your skirt pretty well, I think, on that. You really don't have any problem and you don't foresee any problem, even without an education bill in the immediate years ahead?

General RICHARDS. In the immediate future; yes, sir.

Mr. NICHOLS. General, when I came in, you were talking about pilots. Isn't it true that you don't have much loss of pilots to the airlines these days?

General IOSUE. No, sir, we don't. The airlines are not hiring. In fact, they are furloughing. I think the number today stands around 4,000 or 4,500 pilots furloughed.

Mr. NICHOLS. Are you having any requests from those to get back in the blue suiters?

General IOSUE. Yes, we do. In fact, we've taken the initiative and gone to many of the large cities where the headquarters of the airlines are concentrated and recruited those individuals.

Mr. NICHOLS. I know this to be true because some of them have come back through our office, you know, and consequently are trying to get back in. It's tough on the outside.

General IOSUE. Last year, we found that 250 of those pilots returned. We set a goal this year for 350, and I think we'll get about 300 who will come back. They go back generally into the weapons systems they flew before they left. They get a 4-year commitment and an assignment that serves the purpose of the Air Force. And they are great disciples.

Mr. NICHOLS. So, for the foreseeable future—Mr. Montgomery has come in and he may beat me over the head here—but you don't really see the necessity of the GI bill for these Air Force pilots, do you?

General IOSUE. Well, you know, the airlines are depressed. They are not flying. Their hiring rate this year is down about 1,000. We have talked to the airlines. We keep in very close contact with them, and they forecast they are going to increase that hire rate up to 2,000 to 2,500 a year. That's been the average. They had that big blip there in 1979 and 1980, but constant, I think they forecast a steady rate at about 2,000 to 2,500 a year.

We are enjoying the fact that because the airlines are not hiring, our pilots are not leaving. But they will leave, and, traditionally, they have over the years. And if that rate goes up, our retention rate will go down.

Mr. NICHOLS. Have you tried this question out on any pilots as to whether they would have stayed in, if you had a GI bill?

General IOSUE. We have questioned them a number of different ways, when they first put in their request for date of separation and during that entire period while they're waiting to leave and after they leave. And there's no one reason why they leave. Generally, they state pay compensation, instability, family separation.

But one of the things that comes through, if there is a common thread, is pay compensation; and ability to lead a reasonable life, to educate their children, has been brought up. I don't know what percentage have used that specifically as a reason, but that is among the many reasons they give for leaving.

Mr. NICHOLS. Mr. Mitchell.

Mr. **Mitchell**. Thank you, Mr. Chairman.

I think almost everyone wants to have a GI bill here in Congress. Many of us used a form of it to secure our educations. But we are concerned about costs. Just recently, David Stockman made a proposal to cut the Defense budget $30 billion over 3 years. The President has whittled it down to $13 or $14 billion, which is about $4 billion a year. The cost of this is $2 billion. And that's $6 billion that we're going to lose. What would you cut out to save that $6 billion, so we can make the cuts the President wants so we can afford the GI bill? I know this is not your prime responsibility.

The chairman made a good point there talking about scrapping the B-1 now and not deploying the MX to save these billions of dollars.

General **Iosue**. I said, during my briefing, that I thought the GI bill, one that has transferability in it, would pay for itself. By that I mean I think it would increase our retention to the point where we don't have to recruit such large numbers. For every recruit that comes through that door, it costs us $2,000 to get him in there.

Mr. **Mitchell**. It would be almost a wash, then.

General **Iosue**. I would think so. We forecast that officer retention will go up from 5 to 10 percent and we forecast that enlisted retention will increase by some 10 percent. I think it would pay for itself.

Mr. **Mitchell**. How do you feel about instead of transferability which presents a question because it costs about 40 percent of the bill, how about maybe instead of, or in combination with some kind of a cash-out provision that an individual, say a bachelor, who doesn't get married through his years of service, a guy who doesn't want to go to college, and he uses some skill he has in the service, who will never take advantage of the GI bill, how about a 50-percent reimbursement as to what the cost of education would be for someone like that?

General **Iosue**. At what point?

Mr. **Mitchell**. For his career. He completes his 20 years and he doesn't want to go to college but he would like to know that he didn't serve in vain and he worked as hard and earned as well as the people who are getting the GI bill.

General **Iosue**. I don't think that would provide the enticement we need to both come on board and to stay. And the reason I say that is, 20 years from now is so far out to get a cash-out. He's not thinking of 20 years from now. What he's really thinking about is the immediate future, the next 4 or 5 years.

Mr. **Mitchell**. If you had the cash-out available anytime the GI bill was available—the reason we are looking at transferability is because you have to use it or lose it. We don't want to lose the people, we want to keep them in service and still let the benefit accrue to some other member of the family.

It seems only a situation of equity that a person who didn't want to use the money ought to get some compensation for the years he has served as well and as admirably as the fellow next to him who wants to use it.

General **Iosue**. About 90 percent of our people are married and maybe that number have children or dependents so we are tailoring this for the majority.

Mr. MITCHELL. About 90 percent?

General IOSUE. I would think so; yes.

Mr. MITCHELL. That's a good percentage. You were mentioning, too, about how at the 18-year point, the GI bill would do a lot to retain the individual in the service. I would think a far stronger draw would be the retirement system that is supposed to be worth about a half million dollars. Isn't the retirement the big draw?

General IOSUE. It is a big draw, but where we lose our people—if you take a look at the phase points where we lose them, both enlisted and officer personnel, we lose them after that initial commitment at the 4-, 5-, or 6-year point. That's where a majority of our losses fall. Now you have someone who really isn't thinking, 16, 15 years out there as to why you should stay another 15 years to become eligible for a retirement annuity. But transferability at the 10-year point is a goal that is nearer. And I think he can see that, and I think we would retain him.

The other thing we would have in there is that tiered compensation where you increase the stipend.

Mr. MITCHELL. Yesterday the general who testified said he didn't have any problem with having people enlist for 2 or 3 years, the right people, high school grads, and then just getting out and using the GI bill and never coming back to the service. He said he thought there was a good contribution to the country. They had a military experience and probably would be promilitary and they would pay more taxes for the rest of their lives. He said that didn't bother him, that sort of situation.

General IOSUE. I feel differently. That's great, we do upgrade the education level and we do make the contribution to our society. They are mature and they do have this educational benefit, but I think for the cost of the GI bill, if you really want it to pay off, you have to put in something for retention. I don't want people to take advantage. They have in the past, the old GI bill. They came in for 1 year or 6 months and they got a portion of the entitlement.

What we need—as the chairman has mentioned, we don't have recruiting problems. We do have retention problems, not today, but we are going to have them tomorrow because our people have saleable skills. They are wanted. They are technicians, unlike many members of the Army and Navy. And that's why I think transferability is so important.

Mr. MITCHELL. Thank you, General. Thank you, Mr. Chairman.

Mr. NICHOLS. We are going to recess about 10 minutes, General, and we'll be back.

[Recess.]

Mr. MONTGOMERY. The subcommittee will come to order. Counsel, while we're waiting maybe you have a question or two. You know how I feel and General Iosue has pretty well covered it.

[Discussion off the record.]

Mr. MONTGOMERY. Counsel mentions the Reserve and Guard forces. What we did on H.R. 1400 we did not amend the bill in our Veterans' Affairs Committee because that section of the law that would need to be changed affecting the Guard and Reserve would have to come under the Armed Services Committee, so what I was planning on amending would be to provide an educational benefit of maybe $140 a month for 36 months of service by both enlisted and officers in the Reserve. And this would be given 6 months after they have completed their active duty training. They could use it any time, but I want to point out, too, they have to sign up for 6 years and it's not that easy. That's basically what our bill would do.

The amendment we would offer would not have the transferability for the Reserve and National Guard.

General IOSUE. I think essentially we are in favor of a portion of the entitlement going to the Reserves depending upon their tour of service. Also, I think Air Force doesn't have a problem with retention of Reserves, nor do we have a problem with recruitment. I understand the Army does, and I think the GI bill would certainly help them. And without their retention problem I think that transferability could be left out of their entitlement.

Mr. MONTGOMERY. We are quite proud of the Air National Guard. They have had a lot of support from the Air Force and they have more technicians than the other Reserve forces and they are doing well. But they do have some problems on recruiting. One advantage of the Reserves is that you speak of these people getting out of the regular forces then they come into the Reserves so we pick them up. We're doing pretty good with skilled technicians.

Our problem is getting the recruit, getting someone in there who has some educational abilities we can keep.

Mr. Hillis.

Mr. HILLIS. Thank you, Mr. Chairman.

One of my questions you have already addressed, General, and that is why I appreciated the opportunity to hear your testimony this morning. I am also concerned over the transferability. The GI bill, it would seem to me, is a great recruiting vehicle as far as bringing in the high school graduate who could matriculate at an accredited institution of higher learning after the service. But you are attempting to keep him through transferability for a career—probably he will never take advantage of it and his spouse or dependents would use it.

I assume that what we would be talking about for the spouse and/or dependents is whatever the rate of compensation for the GI bill would be at the time they would choose to use it.

General IOSUE. Yes, sure, it would be a direct transfer of the sponsor's entitlement to the dependent or spouse.

Mr. HILLIS. How would you envision it being divided? Say you had three children, would they each get a third?

General IOSUE. He probably would do that. I guess he could do that. I don't know, I haven't thought about that. He is entitled to say, for example, in H.R. 1400, $300 for after 3 years of service and $600 per month for a 36-month period after 6 years.

He could provide $200 per child or turn over the entire portion. That individual does receive that amount of money, and I guess he can disburse it as he sees fit.

Mr. HILLIS. In other words, the service person who is eligible, he could receive money and then disburse it?

General IOSUE. Yes. At the 10 year point, as long as he remains on board and he has children who are eligible to go to school he can use that entitlement.

Mr. HILLIS. As he would choose.

General IOSUE. As he would choose.

Mr. HILLIS. As you pointed out, once it is used, it is used.

General IOSUE. Once it is used, it is used.

Mr. HILLIS. It seems like a high price to pay. About what percentage of the budget today in the Air Force do you estimate goes for direct personnel costs, are we up to 50 percent?

General IOSUE. No, we are not. We were 5, 7, or 8 years ago, it was over 50 percent. It is down to 42 percent. And that includes the cost of retirees.

Mr. HILLIS. It includes military retirees.

General IOSUE. It is about 40 to 42 percent of our total obligational authority which is spent on manpower, personnel costs.

Mr. HILLIS. How much more would this add to that?

General IOSUE. In 10 years from now it would add—straight-line cost, cost after 10 years as it accrues and builds at the 10-year point it would cost $2.2 billion per year.

Mr. HILLIS. As far as your pilot is concerned here, he already has a college degree.

General IOSUE. Yes.

Mr. HILLIS. So transferability is really all there is.

General IOSUE. That is right.

Mr. HILLIS. That is one reason it is attractive.

General IOSUE. Right.

Mr. HILLIS. Don't you foresee this airline situation we talked about a couple of years ago that occurred as perhaps not only unique but very unlikely to recur.

General IOSUE. I don't think so. I don't think they will ever hire at those rates again. As you know, there was deregulation and expansion that took place in a very short period of time. We tracked them very carefully, as I mentioned. And we looked at the hiring rate previous to 1978 and 1979 and it was level at about 1,800 to 2,000 per year. I think it is going to be higher than it was before, not that much though. I don't think we will get up to the 4,000 or 3,800 level that we had in 1978 and 1979. I think they will be a little more cautious than they were back in those years, because it is very traumatic to build at that rate.

Mr. HILLIS. If I basically understand your testimony, you are telling the committee that you think it would be economical, more economical, not only as far as pilots are concerned, but let's say technicians generally, to bring them in rather than on a 6-year basis and letting them go out to college, to bring them in and try to keep them for a career. We're talking about mechanics, avionics repair people, all of your technicians. You would rather keep those people for a career than to bring in another bright young person and train him to take their place?

General IOSUE. Absolutely. We've invested considerable training in that individual and we would like to hold them for a period of time beyond the 10 and up to 20 years, and I think transferability will help do that. That's why I'm so strong on that one feature. We can make recruiting goals, but retention is going to be difficult and the reason for that is men and women generally in the U.S. Air Force have a skill that is sought after by the civilian community.

Mr. HILLIS. Thank you, Mr. Chairman.

Mr. NICHOLS. Thank you.

General, let me raise a question. You have indicated that you support the transferability feature of this. As I understand for a serviceman to be able to utilize the transferability feature, he's got to go to retirement. He's got to make his 20 years for the transferability feature of it.

General Iosue. Yes. He is eligible to use transferability at the 10 year point. If he stays on board——

Mr. Nichols. Let me give you an example. You may surmise the case I'm going to bring to you. We have people we have to ask to leave the service from time to time. Let's take a captain that has made 12 years and he has been passed over twice for major. He's a good captain, but he's just not quite as good as his contemporaries. That's what you all tell me when I write you about these people who get passed over. [Laughter.]

There must be a better way to do that, but I'm not sure what it is. OK, how are you going to explain to that man who has put in 10 or 12 years that his youngster is not eligible for GI bill rights and the other man who did not get passed over——

General Iosue. I would think if we involuntarily separated somebody at the 10-year point they would have vested interest in that entitlement and they could use it when they leave.

Mr. Nichols. I don't believe that provision is presently incorporated in the bill, but that is what you would suggest?

General Iosue. Yes.

Mr. Nichols. Mr. Montgomery, do you have further questions?

Mr. Montgomery. Yes, Mr. Chairman. I wish Mr. Mitchell were here to try to straighten out some of the costs on these bills. Of course, this is always an estimate and I find the CBO, which we have gotten the cost estimate from, was fairly high when they first estimated the cost of this bill. They said in 1994 as we are looking down the line it may be $1,823 million. And then when we finally went to press, Dr. Rivlin estimated it down by $400 million. She said $1.413 million for 1994. The Veterans' VA portion would be $401 million for 1994 and the DOD would be $951 million for 1994.

So the estimations are coming down. Mr. Mitchell was using the figure of $2 billion. I think that's a little high. And we never really saw that figure that he was using.

General Iosue. Our analysis indicates that it would take 10 years—if it did cost that much—to arrive at that figure. And by 1991 the straightline costs would be about $2.2 billion per year. That in current dollars assumes that about 20 percent of those entitled to the educational incentive would use it. That's what we estimate as the numbers who would use the educational entitlement.

Mr. Montgomery. Her figures are below yours. Her total figures are $1.413 million, but you said that was for 1994. But you said over $2 billion——

General Iosue. In 10 years it would be about $2.2 billion per year.

Mr. Montgomery. Estimated for all the services.

General Iosue. Estimated for all the services.

Mr. Montgomery. My point is, too, Mr. Chairman, that the VA would probably pay about 20 to 25 percent of this total cost and for the record the Veterans' Administration and the Veterans' Affairs Committee would like to continue to administer these educational programs. We have done it in the past. We have the facilities and personnel and we have the experience and we would like to keep this within the Veterans' Administration. I don't think you have any objection to that.

General IOSUE. I don't have any problem with that.

Mr. NICHOLS. You don't want to get in the school business?

General IOSUE. No, I think if the Veterans' Affairs Committee funded it, that's where the $2 billion will come from.

Mr. NICHOLS. General, just one final question: Do you view this program that you have testified in support of in a very fine way this morning, from the Air Force standpoint, as being an entitlement program, or do you view it as a retention program? You say it is not particularly a recruitment thing because you are doing all right in recruiting.

General IOSUE. I would look at it mainly from the standpoint of a retention incentive, given that it includes transferability. Now if you extract the transferability, then obviously it is going to be tailored toward recruitment.

Mr. NICHOLS. If it's an entitlement program, if we view it as an entitlement program, then I can see a quarrel coming up as to whether the VA ought to pay just 25 percent of it or whether they ought to pay 100 percent of it. Now if it's a recruitment program, I'm certainly in agreement that the Department of Defense has a real stake in it.

Mr. Wincup, do you have questions?

Mr. WINCUP. Thank you, Mr. Chairman.

General Iosue, one thing that everyone is clear on is that the quality of the people who go in and stay in the Air Force is high, and they also understand what their benefits are worth. $600 a month, or whatever amount you choose, 18 years from now they're going to understand that if it is not indexed, it is not worth as much to them. Do you see transferability as being useful, if it is not indexed?

General IOSUE. I think so. I think it would be. By indexed you mean to have an escalator in there.

Mr. WINCUP. Right.

General IOSUE. That adjusts for inflation. I think it would be. You know, our GI bill has continued over many, many years and even though the cost of education has gone up and although it won't offset entirely the cost of education, it certainly will help. But I think the $300 to $600 will stand up for many years.

Mr. WINCUP. So you would not favor indexing?

General IOSUE. I would not. If we attach indexes to it, where's it going to end? And I think the cost of that would just be intolerable.

Mr. MONTGOMERY. Would the gentleman yield?

For the record, General, do you have what these programs that we have now, the test programs and the VEAP, are actually costing the Government now? Do you have any idea?

General IOSUE. I have not. Perhaps General Richards could comment on that.

Mr. MONTGOMERY. My point is, Mr. Chairman, if you started one bill, you could eliminate this cost and it would all come under the one bill.

General **Iosue**. I would think it's a fairly small program. I think the numbers participating and the period of time it has been in effect are small.

Mr. **Montgomery**. All four programs?

General **Iosue**. All four programs, 901, 902 and all of them. I would think there would be very little savings. The reason I say that is I know that the Air Force is affected in a very small way by those test programs.

Mr. **Montgomery**. Is that right?

General **Iosue**. Yes.

General Richards can comment from his standpoint on recruiting.

General **Richards**. If we're talking about the educational assistance program, the DOD authorization was about $75 million. We, the Air Force, are very small players in that whole thing. Most of it has gone to the Army and the other services. We participated to the tune of about $4 million I think.

Mr. **Montgomery**. Thank you.

Mr. **Wincup**. Mr. Chairman, if I could. There has been a suggestion—you all are representing the Air Force, but in the same sense you all are purple suiters worrying about national defense in all its aspects. There has been a suggestion that if a uniform advantage were offered to all the services in recruiting that Army recruiting would be hurt, that you in particular and the Navy also would draw high quality people away from the Army. What is your feeling on that?

General **Iosue**. There are other ways to offset the difference, and those ways are in effect now through the enlistment bonus. I think the Army has proposed—I mentioned earlier I would not object to a kicker of some kind, a supplemental addition to the basic bill. Those kinds of things I think can be offset.

I think what is dangerous is the fact that just because one service isn't doing as well as another service to try to bring down that service to that lowest common denominator. I think we need to bring all the services up and I think the entitlements have to be spread more or less evenly among the services.

Mr. **Nichols**. If the gentleman will yield at that point. Are you suggesting that maybe since the Army is having more difficulty that you might pay $350 a month, say?

General **Iosue**. They could, or something of that nature.

Mr. **Nichols**. That would further add to the cost of the total program.

General **Iosue**. Well, no, I think maybe the Army could fund that. It could come out of the legislative contingency fund or perhaps not be a part of the basic bill but allow them to supplement with a kicker that they would fund. I must hurriedly add here that the Army, contrary to what you may think, isn't doing that poorly. I think they will end up this year with 80 percent high school diploma graduates.

Mr. **Nichols**. Eighty percent?

General **Iosue**. Eighty percent. That is only 8 percent less than the Air Force had last year and they had a bad year last year. They had down around 50 to 55 percent. So the difference isn't that great.

Mr. **Nichols**. If they're doing all that good, do you reckon they need a GI bill?

General **Iosue**. Again, we have to look at the future.

General **Richards**. I would like to add something to that, sir. I think one of the reasons they are doing so well this year is the economy plus the educational incentives that we have given them this year which have served to expand the market. And I think that's the significant thing that a new GI bill will do for all of us.

Rather than us compete for a share of a small market, we will be able to expand the market for all the services with the GI bill. When times get a little tougher and that 18-year-old population starts getting smaller, we will be able to compete successfully for the quality people we need in all the services rather than constantly competing for a small percent of the high school graduate part of the market.

Mr. **Nichols**. Somebody gave me a figure a decade or so ago that said at some point in the late 1980's that the military market, recruiting market, is going to need one out of every three high school graduates.

General **Iosue**. Yes, sir.

General **Richards**. That's by about 1991, one in every three, eligibles because the market will have dried up about 20 percent by 1991.

Mr. **Wincup**. Just one further question, if I might. Nobody wants, I think, to hurt anybody's recruiting situation. To try and target whatever is the appropriate tool is, I guess, the issue here in the design of this program. And just to raise something of a sticky issue, unlike the Army or the Marine Corps and to a lesser degree the Navy, it seems to me the Air Force does have an escape valve in this situation in its recruiting market, because the Army basically has limitations on the number of women they can take because of combat restrictions. The Marine Corps does in the same sense. The Navy does because of the people they can deploy on the ships. But the Air Force doesn't have a statutory limitation in that sense in terms of women, and clearly women have performed very well while they've been in the service. Problems exist, but they have performed very well. How do you see that in your future in terms of what the recruiting market will be?

General **Iosue**. Well, much because of what you have said, the Air Force has been a leader in this area. We do have, by the way, a legal restriction against the assignment of women to combat coded aircraft, so it is in law. We have been a leader. We have gone over the last 8 years, from about 2.5-percent representation to 11-percent representation. Today that is equal to about 63,000 women on board.

So we have in terms of percentage the highest female population of any service and we are increasing. We will be, in the next 5 years, well over 70,000. We are increasing. And we are looking very carefully at where we assign women. About 30 percent are in the nontraditional areas. And they are spread evenly across the board.

Mr. **Nichols**. Thank you very much, General. You have made a fine witness. Mr. Montgomery, and I'm sure we all, appreciate it.

Mr. **Montgomery**. Mr. Chairman, can we meet tomorrow and call General Iosue back? [Laughter.]

And General Richards.

Mr. Nichols. In all seriousness, I want to congratulate you both on your testimony. It has been very helpful to us and we appreciate it very much.

The subcommittee will stand in recess to meet on Thursday at 10 o'clock next week when we will hear from the Navy and Marine Corps.

[Whereupon, at 11:38 a.m., the subcommittee was recessed to reconvene at 10 a.m. on Thursday, September 24, 1981.]

House of Representatives,
Committee on Armed Services,
Military Personnel and Compensation Subcommittee,
Washington, D.C., Thursday, September 24, 1981.

The subcommittee met, pursuant to call, at 10:05 a.m., in room 2216, Rayburn House Office Building, Hon. Bill Nichols (chairman of the subcommittee) presiding.

Mr. **Skelton** [presiding]. Good morning. In the absence of our subcommittee chairman, who is on the floor for a short period of time, I will proceed with the meeting.

The Military Personnel and Compensation Subcommittee continues its hearings today on a new educational assistance program. Our witnesses today will be representatives of the final two military services who will provide a perspective on the unique problems of the Navy and Marine Corps.

Our Navy witness will be Vice Adm. Lando W. Zech, Jr., Deputy Chief of Naval Operations for Manpower, Personnel and Training and Chief of Naval Personnel, who is accompanied by Rear Adm. Floyd H. Miller, Jr., commander of the Navy Recruiting Command.

Following the Navy, Marine Corps testimony will be presented by Lt. Gen. Edward J. Bronars, Deputy Chief of Staff for Manpower, who is accompanied by Brig. Gen. Donald J. Fulham, Director, Personnel Procurement Division, U.S. Marine Corps.

As I mentioned to each of the previous witnesses, the committee is well aware that prepared statements presented to the committee must be cleared in advance. For that reason, I would like to strongly urge our witnesses this morning to provide, at the completion of their prepared remarks, their personal opinion, as well as the best thinking of their service staff, on the following issues:

What would be the impact of enactment of a new educational assistance program on your service?

Is transferability to a spouse and/or dependents a good investment to assist retention?

If such a benefit is provided, should it also be given to enlistees in the Selected Reserve?

Since defense resources are constrained, would your service be willing to lose resources in some other program in order to fund educational assistance for enlistees, a transferability feature, and an entitlement for Reserves?

Admiral Zech and Admiral Miller, representing the Navy, will be our first witnesses. Please proceed; I welcome you.

STATEMENT OF VICE ADM. LANDO W. ZECH, JR., DEPUTY CHIEF OF NAVAL OPERATIONS (MANPOWER, PERSONNEL AND TRAINING) AND CHIEF OF NAVAL PERSONNEL, ACCOMPANIED BY REAR ADM. FLOYD H. MILLER, JR., COMMANDER, NAVY RECRUITING COMMAND

Admiral ZECH. Thank you very much, Mr. Chairman. With your permission, I will submit my prepared statement for the record and give you a very brief oral summary of the statement.

Mr. SKELTON. Please.

Admiral ZECH. The members of this subcommittee are well aware that the concept of educational benefits through military service has been part of our society for the past four decades. There are many distinguished leaders in Congress, in Government, and in the private sector who obtained their college educations through earlier GI bills.

The GI bill has been called one of the most successful and important social programs in the history of the Nation. The initial GI bill, enacted in June 1944, was intended as compensation for an interrupted lifestyle and assistance in easing the transition back into civilian life.

The Korean GI bill of 1952 and the Vietnam-era bill of 1966 were designed as a vocational readjustment and an aid in attaining educational status that might have been achieved had service in the military not been necessary.

The Vietnam-era GI bill also had an additional purpose; an important purpose, in my view. That stated purpose was to enhance and make service in the military more attractive. Thus, the concept of using educational benefits as a recruiting and retention incentive was used some 15 years ago.

On December 31, 1976, the Vietnam-era GI bill terminated for enlistees. Today, following termination of the Vietnam-era GI bill, educational benefits have been provided to our service members through the post-Vietnam-era veterans' educational assistance program (VEAP). Since January 1, 1977, approximately 86,116 Navy men and women have elected to contribute a portion of their pay each month in order to qualify for the 2-for-1 matching funds. This represents about 25 percent of those eligible.

Although enrollment in VEAP has been less than desired, I think the number of participants in this program is a solid and significant indicator of the interest our service members have in acquiring further education.

Along with the other services, the Navy is participating in the 1-year educational assistance test program established by the Fiscal Year 1981 Defense Authorization Act.

Much of the discussion and debate surrounding the design of a new GI bill has focused on the potential recruiting and retention value of the various programs. Pros and cons are expressed in cost-benefit terms.

As was indicated by Dr. Korb in his appearance before this committee, DOD is interested in an educational program that will encourage both the recruiting and retention of high quality personnel. In this sense, an educational bill becomes a management tool the services can use in meeting their recruiting and retention needs.

In general terms, the immediate impact of educational benefits, if properly structured, would be to enhance the recruitment and retention of high quality enlistees.

From a recruiting standpoint, an educational benefits program would increase the quality of the first-term force by attracting higher numbers of high school graduates and upper mental groups.

From a retention standpoint, a properly structured proposal would assist in retaining highly trained midgrade careerists in the Navy.

What we must avoid is a program which is structured to provide an incentive to leave the service.

In addition to the potential impact on recruiting and retention, I am convinced that the issue must be placed in a broader framework which recognizes the benefits of past GI bills. Although difficult to quantify and analyze, historically there have been national benefits from GI bills which are worth considering today. These include the GI bill as an avenue for upward mobility through education, as a magnet drawing youth from all segments of our society to military service, and as an investment that will increase the number of future leaders who have served in the military. There is no easy way to place a dollar value on this aspect of the educational benefit/military service relationship, but it does have a place in the deliberations on the shape of a future program.

As Chief of Naval Personnel, I am vitally concerned with attracting competent and motivated first-term personnel for our Navy and in developing and maintaining a strong, capable, and dedicated career force. I am convinced that education, and the opportunity to achieve it, have a crucial role in our total efforts. I believe further that an investment in the educational growth of our young people, those who volunteer to serve in the military forces, is an investment not only in the strength of our Nation but also, in a broader way, in the future of our country.

Thank you very much, Mr. Chairman. I will respond directly with my personal views to your specific questions as you wish.

WRITTEN STATEMENT OF VICE ADM. LANDO W. ZECH, JR.

Mr. Chairman and Members of the Committee:

I. INTRODUCTION

I am Vice Admiral Lando W. Zech, Jr., Deputy Chief of Naval Operations for Manpower, Personnel, and Training and the Chief of Naval Personnel. With me today is Rear Admiral Floyd H. Miller, Jr., Commander, Navy Recruiting Command. We appreciate the opportunity to appear and testify before your committee in support of educational assistance programs for veterans and for members of the Armed Forces.

II. BACKGROUND

The members of this Committee are well aware that the concept of earning educational benefits through military service has been part of our society for the past four decades. There are many distinguished leaders in Congress, in government and in the private sector of our economy who obtained their college education through earlier GI Bills. The GI Bill has been called one of the most successful and important social programs in the history of our nation. No educational assistance program, past or present, can match the overwhelming impact that all the GI Bills have had on the armed forces, the educational establishment, and society. In order to develop the perspective I feel is necessary in considering this complex issue, a brief historical review of earlier GI Bills and the rationale behind them may be helpful.

The initial GI Bill, enacted in June, 1944 was intended as compensation for an interrupted life-style and assistance in easing the transition back into civilian life. About 7.8 million people, or 50 percent of those eligible participated in this program.

The Veterans' Readjustment Assistance Act of 1952, or the Korean GI Bill, was designed as a vocational readjustment, and an aid in attaining educational status that might have been achieved had service in the military not been necessary. Participation under this bill was roughly 2.4 million people or about 42 percent of those eligible.

The Vietnam era GI Bill, enacted in 1966, continued in this vein. Its stated purpose was: To enhance and make service in the military more attractive; to extend the benefits of higher education to young persons who otherwise could not afford them; to provide vocational readjustment; and to aid people in attaining the educational status they might have aspired to had they not served their country. Although the statistics on this GI Bill are still being compiled, the participation rate is slightly higher thus far than earlier bills.

On December 31, 1976, the Vietnam era GI Bill terminated for enlistees.

III. TODAY

Following termination of the Vietnam era GI Bill, educational benefits have been provided to our servicemembers through the Post Vietnam era Veterans' Educational Assistance Program (VEAP). Since January 1, 1977, approximately 86,116 Navy men and women have elected to contribute a portion of their pay each month in order to qualify for the two-for-one matching funds. This represents about 25 percent of those eligible. As of June 30, 1981, about 62,000 of this number are still involved in the program, in addition to the approximately 1,400 who have left the service and are utilizing their benefits to attend college. Although enrollment in VEAP has been less than desired, I think the number of participants in this program is a solid and significant indicator of the interest our servicemembers have in acquiring further education.

Along with the other services, the Navy is participating in the one year Educational Assistance Test Program established by the fiscal year 1981 Defense Authorization Act.

As of September 1, 1981, 3,112 personnel have enlisted under the test program. This includes 1,280 under Section 901 (the mini GI Bill), 819 under Section 902 (the loan repayment program) and 1,013 under Section 903 (the noncontributory VEAP). Preliminary analysis of 7 months of data by the RAND Corporation, the prime contractor for the test, appears to indicate that Section 901 (mini GI Bill) has had the most significant effect on increasing high quality male enlistment in the Navy. RAND will provide a more thorough briefing on the results of the test program to DOD and the Congress in early October. In my judgment, any conclusions regarding the total impact of the test benefits would be premature until that presentation has been made.

IV. WHY A NEW GI BILL?

Against that background of where we have been and where we are today, I would like to spend a few moments on where we might go, and why. Much of the discussion and debate surrounding the design of a new GI Bill has focused on the potential recruiting and retention value of the various programs. Pros and cons are expressed in cost/benefit terms. As was indicated by Dr. Korb in his appearance before this committee, DOD is interested in an educational program that will encourage both the recruiting and retention of high quality personnel. In this sense, an educational bill becomes a management tool the Services can use in meeting their recruiting and retention needs. Navy supports that approach.

V. RECRUITING AND RETENTION IMPACT

In general terms, the immediate impact of educational benefits, if properly structured, would be to enhance the recruitment and retention of high quality enlistees.

From a recruiting standpoint, an educational benefits program would increase the quality of the first term force by attracting higher numbers of high school graduates and upper mental groups. Based on our past experience, a higher percentage of high school graduate upper mental group accessions means lower first term attrition and, ultimately, a reduced demand for accessions. With a higher proportion of upper mental groups, training time and costs would be reduced.

From a retention standpoint, a properly structured proposal would assist in retaining highly trained mid-grade careerists in the Navy.

What we must avoid is a program which is structured to provide an incentive to leave the service.

VI. ADDITIONAL CONSIDERATIONS

In addition to the potential impact on recruiting and retention, I am convinced that the issue must be placed in a broader framework which recognizes the benefits of past G.I. Bills. Although difficult to quantify and analyze, historically there have been national benefits from G.I. Bills which are worth considering today. These include the G.I. Bill as an avenue for upward mobility through education, as a magnet drawing youth from all segments of our society to military service, and as an investment that will increase the number of future leaders who have served in the military. There is no easy way to place a dollar value on this aspect of the educational benefit/military service relationship, but it does have a place in the deliberations on the shape of a future program.

VII. SUMMARY

As Chief of Naval Personnel, I am vitally concerned with attracting competent and motivated first term personnel for our Navy and in developing and maintaining a strong, capable, and dedicated career force. I am convinced that education, and the opportunity to achieve it, have a crucial role in our total efforts. I believe further that an investment in the educational growth of our young people, those who volunteer to serve in the military forces, is an investment not only in the strength of our nation, but also in a broader way, in the future of our country.

Thank you very much. I will try to answer any questions you might have.

Mr. NICHOLS. Thank you, Admiral. I missed the first part of your testimony here. I had a problem on the floor.

You testified that the Navy generally supports this?

Admiral ZECH. Yes, sir. The Navy generally supports the GI bill. Is that the question?

Mr. NICHOLS. Yes.

Admiral ZECH. Yes; we certainly do support a GI bill.

Mr. NICHOLS. Are you having any recruiting difficulties?

Admiral ZECH. We are making our recruiting goals this year, Mr. Chairman. We met them last year. The 3 years before that, however, we had recruiting difficulties; we did not make our goals. But, for the past 2 years we have met our goals and are projecting that we will, with the continued support of Congress, meet our recruiting goals in the year ahead.

Mr. NICHOLS. Of course you know the reason we pay bonuses is because we have to pay them. My question is if you are not having any trouble, what is the justification for going into a GI bill that costs $1.5 billion?

Admiral ZECH. From the Navy's standpoint, Mr. Chairman, we cannot tell you that we need a GI bill to meet our recruiting goals for the coming year. Our real concern is in the out years, when we see the declining market of males, young men who would be eligible to come into the military. In the declining market of the years ahead we see a very severe challenge to the Navy in meeting our recruiting goals. So whereas we have been successful this past year, we are concerned about the future. Therefore, we feel that an educational program would insure that we continue to bring quality people into our Navy in future years.

Mr. Nichols. What are these years in which you expect a shortage, and what magnitude are we talking about?

Admiral Zech. I will let our recruiter be specific on that. I will only say that the male eligible for military service recruiting market declines in the years ahead and into the 1990's. The statistics show that as the market declines we will have a more difficult time in recruiting, not only for Navy, but for all the services.

May I ask my recruiter to amplify on that, sir?

Mr. Nichols. Yes.

Admiral Miller. Good morning. The statistics I have for the declining male population from 1981, and this is the qualified military available, the male population will go from 10.7 million in 1981 to 8.5 million in 1993. It will be a difficult market, particularly in achieving our quality goals. Some of the analyses that I have seen indicate that the QMA, qualified military available, that we recruit from is about 50 percent of that. We will have to recruit about one out of every three individuals in high school to achieve our quality into the 1990's.

Mr. Nichols. Qualified individuals?

Admiral Miller. Yes, sir.

Mr. Nichols. Admiral, finally, I don't believe you have responded to the questions that I raised in our opening statement.

Admiral Zech. No, sir, I have not. I would be happy to do so.

Mr. Nichols. Do you have a copy of that statement?

Admiral Zech. Yes, I do.

Mr. Nichols. Why don't you go down the line. We are interested not specifically in DOD position but we want you to talk to us from your experience in the Navy.

Admiral Zech. Yes, sir.

Mr. Nichols. We want your personal assessment.

Admiral Zech. Yes, sir; I'll be happy to do that.

The first question is what would be the impact of enactment of a new educational assistance program on your service? The primary short-term impact of such a program would be to increase the numbers of high-quality young people that we would be able to bring into our Navy in the years ahead.

With the increase in quality people that we will be able to bring into our Navy I think it would be fair to say that a good number of them, we hope, would decide to stay in the Navy for a career. In other words, we would see a retention impact as well as a recruiting impact from such an educational program. More than anything, we would hope to improve the quality of our force in the declining market.

Additionally, I think that the more traditional benefits of an education program are important. For example, the upward mobility that it provides young people, whether they stay in the military or not, the increased incomes that would come from expanded educational opportunities, and, in general, the return that our country receives from people who are more educated.

I am told that for every $1 we have spent on our educational programs in the past the Government has received a return of some $3 to $6 in improved resources to our Government because of the increased education of the people involved.

Essentially, I believe the Navy would benefit most because of the expanded market we would be reaching and the broader cross section of our citizens who would be interested in coming into the military in return for education.

I do not believe that a bill which would entitle all members of all services to the same benefits would have a detrimental impact on any one service. In other words, I think the expanded market would bring more quality young men into the Navy, and into all the services.

In answer to the second question: Is transferability to a spouse and/or dependents a good investment to assist retention? I believe transferability is a key item to improved retention. I believe that in the Navy our problem today in retaining our midgrade petty officers, which, Mr. Chairman, I know you are very familiar with, as well as our midgrade officers, would be addressed directly by an educational program. These are the people we need to keep in our Navy and these are the quality people we need to replace eventually with youngsters coming in with the potential to take their place. The transferability feature would, in my view, be a very significant retention feature of the bill. I would strongly support the transferability clause.

The third question is: If such a benefit is provided, should it also be given to enlistees in the Selected Reserve? We feel that the Selected Reserve should receive certain benefits from an educational bill. They should be, however, a lesser amount, in proportion to the active duty benefits. We do not, however, support the transferability feature for reservists.

The fourth question: Since defense resources are constrained, would your service be willing to lose resources in some other program in order to fund educational assistance for enlistees, a transferability feature, and an entitlement for Reserves? We believe that the educational bill would provide a significant increase in the quality of people in our Navy. We believe that not only the Navy would benefit, but our country would benefit. We believe that the long range benefits of an educational bill would indeed have some kind of funding payback, resources that we could use—cost reductions, for example.

There would be long-term savings. For example, if we bring in more quality people, we see that our training costs could go down. Our recruiting costs could perhaps go down. We see attrition going down. So, we see recruiting and training cost benefits. We see attrition improvements. We see, in the long-range, reductions that could be made. We also see the possibility of bonuses being reduced in the years ahead with the quality people we estimate we would receive from an educational bill. In summary we see long-term cost savings.

We also feel that in considering funding, the program of providing grants of significant dollar value without any service requirement should be examined. We feel that some of the funds should be used for people who are serving their country rather than those who are not. Those are the kind of funding alternatives that we see. We do not feel that any direct programs should be reduced because we are talking about gains in the future. We also believe that the Veterans' Administration should pay for the educational bill because of the long-term gains it brings to our country as well as to our service.

I believe that covers the last question, Mr. Chairman.

Mr. NICHOLS. Well, I am not sure you answered it, Admiral. The point I make is, you are familiar with the constraints that we may have to undergo in reducing military spending. At this point I am asking you if you had to choose between the GI bill and a new ship, a new submarine, where would your choice go?

Admiral ZECH. Right now for the Navy, this year, a GI bill would not be on the top of our list of programs. A GI bill would be on the list of about 10, I would say it would be in the middle. In terms of educational programs, the extension of the 1989 termination date would have a higher priority than a new GI bill because of our 254,000 young people who are right now eligible for the Vietnam era GI bill. Of that 254,000, 195,000 of them are in the 4th year to 14th year of service.

In other words, if we lose a large number of these people, we would have a very serious problem in our Navy. This extension has a higher priority today as far as the Navy is concerned than an across-the-board GI bill. But, for the future, we do believe a GI bill would be very necessary.

Mr. NICHOLS. One final question, Admiral. How do you look at this GI bill with reference to officers? You have an ROTC graduate; he is commissioned; he is already in the service. We paid for a lot of his education. We have a Naval Academy graduate over here at Annapolis. I believe under the framework of the bill this man has the same entitlement as the GI we are trying to pick up out there. Would you be supportive of that?

Admiral ZECH. Yes, I would, Mr. Chairman. I would support the bill giving the same entitlement to officers as to enlisted personnel.

I think as far as the officers are concerned their educational background, becomes perishable over a period of years. Some of them use their educational benefit while they are in the service to benefit themselves and that benefits the Navy and the country.

I do believe that the officers should be entitled to the GI bill as well as enlisted personnel.

Mr. NICHOLS. Mr. Mitchell.

Mr. MITCHELL. Thank you, Mr. Chairman. It doesn't seem like you quite did answer the question, Admiral, on what you would give up. You said that it probably would be a wash, the GI bill would bring as much to the country and to the service as we lost in costs. But if a payback could not be demonstrated, then in response to the chairman's question, what would you give up for the GI bill?

Admiral ZECH. I would give up no current program this year for a GI bill for Navy. However, for the future we would have to look at all of our programs to see, in the declining market ahead, whether a GI bill could replace some of our bonus programs. I would say that it is very possible that the GI bill, as we are envisioning it, could indeed bring in the quality people we would need to make our Navy stronger; and therefore, I think we could perhaps cut down bonuses in the future. I believe we could cut down recruiting and other training costs.

Mr. MITCHELL. Thank you, Admiral. We have discussed with other service leaders this factor of transferability. We are not clear on just precisely how much it is going to cost. Some estimates have it costing as much as 40 percent of the entire program. Others are 20 to 30 percent. But if it was 40 percent, do you think it would be worth that to the program? If we are looking for saving money throughout the services, throughout the Government, would transferability be one thing we could look at eliminating or do you think it is essential to the program and worth 40 percent of the cost?

Admiral **Zech**. I think it is essential, and I think it is worth 40 percent of the cost. As far as the Navy is concerned, we feel very strongly that any kind of an educational bill should have a retention as well as a recruiting impact. It should not be a disincentive to leave the service. Transferability is a very strong, positive feature toward retention.

Mr. **Mitchell**. How about substituting for transferability the payback feature where the individual, instead of accumulating educational credits, accumulates the amount of money it would cost if he took the educational credits, maybe 50 percent of the cost? If you are figuring a $20,000 education, if you paid him $10,000 if he stayed in the service and didn't take the credit rather than transferring the credit, is that acceptable as a payback provision?

Admiral **Zech**. We prefer not to have a payback provision where, as I understand it, rather than receiving education benefits, an individual would get a sum of money.

Mr. **Mitchell**. You could play it both ways. You might want to start a business when you got out. You might not want to advance your education. An ROTC graduate who feels he has a good education but still would like to take advantage of the fact that he served 10 or 20 years, he could use that to start out a business when he got out instead of going out and getting a master's.

Admiral **Zech**. I think that is something that should be looked at. I don't say we should turn it down out of hand. However, the educational feature is the one we focused on for a benefit. Your suggestion has merit and I think it should be looked into.

Mr. **Mitchell**. Thank you. Thank you, Mr. Chairman.

Mr. **Nichols**. Mr. Skelton.

Mr. **Skelton**. Admiral, if you were asked the question, to give your personal views and opinions as to the questions put to you by the committee, would your answers be the same as those you just gave?

Admiral **Zech**. I am giving my personal views; yes, sir, I am.

Mr. **Skelton**. Are those also the same views of the Navy?

Admiral **Zech**. They are my personal views, and I think they are the views that would serve the Navy best.

Mr. **Skelton**. The transferability aspect of this bothers me a little. There may be a way to do it. But what concerns me, Admiral, is that we may, in setting up a transferability for students we may be doing a very good thing in recruiting and retaining this generation of young men and young women, but I am afraid you might be doing a disservice to a generation some 10, 15, 20 years down the road, because all of these young people will have the opportunity to go to college, with no strings attached, because their father or mother served honorably in the U.S. military service.

What would you think about linking this transferability to something like the ROTC, National Guard, or the Reserve? In other words, instill in the future generation the fact that there is no free lunch?

Admiral ZECH. I am aware that you have asked that question, or a similar question before. My initial reaction to that question was very supportive of your viewpoint. To require some kind of service for education, really kind of hit me offhand as making a great deal of sense. But frankly, on reflection I see complications in administering such a program, and I would see, perhaps, that there would be a number of exceptions required. For example, if a youngster was not physically qualified for service in the military or perhaps a son wanted to pursue the ministry or medical profession or something that may not really lend itself, in his view anyway, to a military career, but still would be beneficial to the individual and to the country. A young daughter, for example, may not really want to involve herself in the military. Some would, of course, and some wouldn't.

So I see a number of administrative problems and provisions that have to be looked into.

Mr. SKELTON. I think one of the problems we have in a democracy is not looking down the road far enough. This may be one of those cases where we patch the problem now or for the immediate future, but for your successor, particularly for Admiral Miller's successor, in years hence we may be creating a monster of a problem. You can't dangle a GI bill in front of them, because they say, "Hey, I got all I want, my daddy was in the Navy."

I think it is something we should think about very seriously before we enact a law of this kind. I appreciate your frankness in this area. I had thought of your comments, particularly the physical disability problem.

Admiral ZECH. Yes.

Mr. SKELTON. I wish you would give it some thought and give us some alternatives, because I think it would hurt in recruiting and retention down the road. And as a practical problem, should the military—in the democracy, as always happens, the military is popular one day and unpopular the next. Somewhere along the line it could be that you have the hippie-type protesters going to school under their daddy's GI bill. I can imagine how this would affect the morale in the active service.

I think it is something that should be approached very seriously before we enact it into law, and I would appreciate any constructive criticism that the Navy might have.

Admiral ZECH. We will certainly look into that, Mr. Skelton.

Mr. SKELTON. Thank you.

Mr. NICHOLS. Mr. Won Pat.

Mr. WON PAT. Thank you, Mr. Chairman.

Admiral, greetings. Would you favor having stricter recruiting standards which would require better scores and intellectual tests?

Admiral ZECH. We believe, Mr. Won Pat, that our standards today are adequate. We do not think that we need stricter standards. We have what we believe is a reasonably adequate criterion of test scores for bringing people in our services. I don't believe at the moment that we require any stricter criteria.

Mr. WON PAT. Do you prefer to have only high school graduates for certain positions in the military?

Admiral Zech. High school graduation is certainly—the single most important criterion, if you only choose one, for bringing a person into the service. Therefore, I believe it is important that all the services continue to bring in as many high school graduates as possible.

On the other hand, there are those few people who don't graduate from high school, for one reason or another, who, on the test scores, show that they have great capability. I believe the services should still bring in some of those people. Most all of them will eventually get the equivalent of a high school diploma while in the service, although I think that the high school diploma graduate is certainly the single most important criterion for bringing in people into all the services.

Mr. Won Pat. With respect to recruitment, do you have difficulty in terms of maintaining racial balance? I am talking about minorities.

Admiral Zech. We have improved. I will let my recruiter answer that question if I may. First let me say we are very aware that the Navy should reflect a cross section of our society. I believe that our recruiting results would show that we are indeed, bringing in a good cross section of our society. In the officer recruiting, I wouldn't be as optimistic or give you as rosy a picture because we know that we are having a difficult time bringing minority officers into the Navy. We are competing with industry. We are competing with business. We are competing with the other services. We would like very much to increase the minority officers we have in our Navy; we are working very hard at that, but we have a ways to go.

I will ask my recruiter to amplify.

Admiral Miller. We have targets, Mr. Won Pat, that we have set for both enlisted and officer recruiting goals. As far as Navy is concerned, we are just about where we should be for black enlisted. We have improved over the last 2 years by 1 percent in our Hispanic attainment. We have put an awful lot of emphasis in Hispanic enlisted recruiting. We are getting better with a lot of emphasis being placed on it.

As far as officer minority recruiting targets, Admiral Zech noted that we are having great difficulty. One of the great problems that we have is that an individual who is well qualified is highly sought after by industry. We in Navy recruiting must recruit college graduates out of the marketplace, those who have already graduated or ones about to graduate from college, and we are in direct competition with industry. It has been extremely difficult. We are not doing well in either the black or Hispanic communities. In other communities—I am talking about Asian and Native American—we are doing better than our targets.

Mr. Won Pat. Thank you, Admiral Zech. Thank you, Admiral.

Mr. Nichols. Mr. Hillis.

Mr. Hillis. Thank you, Mr. Chairman.

Admiral Zech, I have some reservations about the transferability, as other members of this subcommittee. Wouldn't it be more economical, just from the matter of utilizing assets available for the Navy to maintain the Navy, expand the Navy, modernize the Navy, to perhaps take the GI bill as a recruiting vehicle, as we have known it in the past, and then address the retention problem with, as you are doing at present, with bonuses for reenlistment for key positions and try to address shortages or retention in key areas with reenlistment bonuses, perhaps for pilots, nuclear officers, or whatever you need, rather than to come across with 40 percent of the cost of this program for everybody? I would like to hear your answer to that.

Admiral ZECH. I believe that your suggestion that we should address recruiting incentives with a GI bill and then address retention with bonuses or other measures is certainly one that deserves very careful consideration as we proceed with the consideration and passage of an educational bill.

However, it seems to me that any GI bill can indeed be so structured that it would have some kind of a retention incentive as well as a recruiting incentive, and I believe it is very possible to do that. There are several approaches that can be taken to that in addition to transferability. The tiered approach is one. Mr. Montgomery's bill has a tiered approach in it. There could be other tiers, other things that would provide an incentive to stay in the service. The transferability feature is expensive. We recognize that. There are other things to consider, I believe, when you think about transferability. I have thought about it myself a lot, and am concerned about the expense.

It seems to me that in considering transferability one should perhaps consider some kind of a reduced transferability. In other words, perhaps only 75 percent or even 50 percent should be transferred if a transferability feature is included. Another feature regarding transferability, that in my own personal view is worth considering, is some kind of a contributory transferability feature.

Mr. HILLIS. That was going to be my next question, Admiral, your assessment of the VEAP program, whether that type of concept could be worked in on the transferability feature of this program.

Admiral ZECH. It is my personal view that a contributory transferability feature should be considered very carefully. I believe that would certainly cut down the cost. It would also put the onus on the individual who really was interested in transferability to do something about it. To me this would be a feature that should be carefully considered.

Mr. HILLIS. Thank you. Mr. Chairman, thank you.

Mr. NICHOLS. Thank you.

Mrs. Byron.

Mrs. BYRON. Thank you, Mr. Chairman.

Let me say that I have a strong positive feeling toward the transferable aspect of the bill. Talking to a number of individuals, once again back to the midcareer, we have put an enormous amount in the training of an individual, whose children are 15, 16, and starting to look toward college as to where they are going and what they are going to do. One of the facts that I hear consistently is that we have a very large program of scholarship aid within the States, but it is very difficult for a military family in many instances to qualify for these programs because of the fact that their residences are transient. I think if you look back on most of the military they probably are registered to vote where they originally resided, probably have not resided in that community in a long time and, therefore, really don't qualify if they live in such and such a State because they live in Florida, but their residence originally is Ohio. The Florida State local people administering that program will invariably use a criterion of somebody who is a local person in the community and probably will end up back in the community. I think that is one of the pitfalls in many of our scholarship programs affecting the military. So that individual is going to look and think well maybe now is the time not to sign another commitment and I had better get settled somewhere so I can start getting roots and look at maybe a community college or 4-year State college or financial assistance of some sort. So I think the transferability is an important factor.

I agree there are some pitfalls in it, but I think it would be an important factor in the retention area. So I think on the basis of that I would have to disagree with some of my colleagues.

Admiral ZECH. I appreciate your statement very much and also the fact that you have obviously talked to a number of our service people. Those who have talked to our service people, I think, have gotten the strong feeling from the grassroots, our petty officers and junior enlisted personnel that transferability is a very, very attractive feature and it is one that is frequently addressed in any kind of a GI bill discussion. It is a very, very attractive feature. You are exactly right.

Mrs. BYRON. With the increased cost of education and the fact that you are running into families with three and four children on a military salary, it is impossible to meet those educational commitments without some outside assistance. Many of the programs are grant-in-aid programs or financial-scholarship programs, but a lot of them are tied into a community aspect. I think that is one of the factors that a military family does lose.

Admiral ZECH. I would support your views 100 percent. You are absolutely right, too, when you describe the difficulty a service person faces when he moves around and tries to apply for a certain educational program in a State other than his own residence. There is a great difficulty. I appreciate very much your viewpoint and your support.

Mrs. BYRON. No further questions.

Mr. NICHOLS. Mr. White.

Mr. WHITE. Thank you very much, Mr. Chairman.

Admiral, I have been advocating for some time the concept called a university of services, so that it would whip, in a sense, this matter of transferring around, trying to establish residence. This concept involves higher education institutions in the country, on a voluntary basis, getting together and having the ability to transfer credits, to give the advantage of lower, at least resident tuitions, to those in the services. I hope that the services would look at something like this in terms of getting an overall program. But also I know during times past in the services everybody was pretty busy and didn't have much time to go to school. Couldn't have gone to school, really, at that time. Now, when an individual is thinking about going into the services he has options in the service. They become impatient; they are not eager to lose that time. So to make some of these educational programs attractive you are going to have to, perhaps, allot some time or some opportunity to go to school while they are in the service, so they can do two things at once and get their education partially paid for at the same time they are putting in service to their country.

So one question I would ask you as part of the Navy, what would be the opportunities of training onboard, or giving schooling onboard larger vessels for Navy personnel, say, in conjunction with extension courses but have, also, some live classes or maybe videotape classes to try to work toward discharging some of these credits toward a degree? Is this feasible?

Admiral **Zech**. Yes, it is. We do have these types of programs in effect right now. They are used, from my personal experience, to a great degree in our submarine force, especially on our submarines on extended patrols. It is particularly attractive to this group of people. Because of their background, most of them are pretty high caliber people, and are interested in education.

We have several programs going now that allow our people to take their classroom work while they are in port, take it to sea with them, and then work on their courses while they are at sea, come back again and go to a classroom ashore to take their examinations and get credits. This is called the PACE program [program for afloat college education]. It is a program that is very attractive to our people. We can't use it as extensively as we would like because it doesn't lend itself to every tour of duty. But to those tours that it does lend itself, it is a very attractive program.

We have other in-service education programs where we allow our enlisted personnel an opportunity to get a commission. For example, we have an enlisted-commissioning program that sends them to school and allows them to get a commission. Unfortunately, we can't allow as many people to take that as we would like because of our shortages in the Navy at the moment. However, these are programs that are extremely useful to us and even though we can't use them to the degree that we like, the fact that they are in place and are being used is a very important feature to our Navy.

Mr. **White**. Do they use videotapes?

Admiral **Zech**. Yes, videotapes and other types of media assistance are used in our school programs that we take to sea with us.

Mr. **White**. But this is not plugged into an overall, all-Navy program, trying to move persons toward acquiring their degree, is it?

Admiral **Zech**. This is a strictly voluntary program.

Mr. **White**. I understand it is voluntary.

Admiral **Zech**. That allows them to get a degree by taking these courses while they are at sea.

Mr. **White**. A college credit degree?

Admiral **Zech**. Yes, sir, college credits.

Mr. **White**. Is this done in all services?

Admiral **Zech**. I am not sure if it is done in all services. I know it is done in the Navy, and I would imagine it is done in other services. I honestly don't know.

Mr. **White**. Of those who would normally be qualified to enter into college, what percentage would you say take advantage of this?

Admiral **Zech**. A rather small percentage take advantage of it. I would have to give you an estimate and it would be in the order of probably less than 10 percent are involved in courses of this nature.

Mr. **White**. Why would you think so few? Is it not formalized enough?

Admiral **Zech**. No; their duties don't lend themselves to it. Some of their duties are so strenuous at sea that you cannot get yourself involved in a program like this. It is only at certain duty stations where you could make the time to take advantage of such a program. A number of people have started to take such a course and found it is quite demanding and they just didn't have the time to keep up with it. It is demanding. It is something that we encourage our people to do, especially on those tours of duty that lend themselves to such courses.

Mr. **White**. Thank you, Mr. Chairman.

Mr. **Nichols**. Mr. Montgomery.

Mr. **Montgomery**. Thank you, Mr. Chairman.

Admiral Zech, nice to have you before this committee. You testified before our Veterans' Affairs Committee—as well as General Bronars. I appreciate your being before this subcommittee.

Admiral, for the record, and not putting any priorities on what is needed and not needed in the Navy, the GI education bill that we have introduced, H.R. 1400, which you referred to, would it suit your needs as far as education? It would help on recruiting and retention, is that correct; and which would it help the most on?

Admiral **Zech**. I think it would help both recruiting and retention, Mr. Montgomery. I don't know that it would help one more than the other. You have a tiered approach that would provide a retention draw. However there are some parts of your bill that I would like to see changed. I believe your provision of transferability for critical ratings would be very difficult to administer because of the changing critical ratings. Frankly, I would like to see that feature withdrawn. But other than that, I think your bill——

Mr. **Montgomery**. Staff tells me that we did take that out of the bill.

Admiral **Zech**. I am sorry, I didn't realize that.

Mr. **Montgomery**. As a result of your testimony.

Admiral **Zech**. I am sorry, sir, I didn't realize that.

Mr. **Montgomery**. It is out of the bill, from the testimony that you and other military personnel made that has been taken out.

Admiral **Zech**. Thank you, sir, we appreciate that.

Mr. **Montgomery**. As I understand it, the two test programs in effect now will expire next week.

Admiral **Zech**. That is correct.

Mr. **Montgomery**. So this committee certainly has an opportunity and it is timely to have these hearings. Actually, all we will have left is the VEAP program which hasn't really worked that well. As I understand, the chairman is planning on having some recruiters who actually do the recruiting also testify before this committee. I hope we will move ahead and come up with some type of GI education bill.

I understand the military's situation as to who would pay for the bill. The veterans organizations, they don't want the Veterans' Administration particularly to pay for it. Defense would like for the VA to pay for it. We would like to administer it in the Veterans'

Administration, that is one thing I want to make crystal clear. We have the facilities and know how to administer these educational bills. I think we would have to work out what would be fair to both the Veterans' Administration and the Defense Department on payment.

Yes, I admit Defense would have to carry the heavier load but the VA would have the responsibility.

Admiral ZECH. Yes, sir.

Mr. MONTGOMERY. Thank you, Admiral. We appreciate your testimony. General Bronars, you have a statement, I believe.

STATEMENT OF LT. GEN. EDWARD J. BRONARS, DEPUTY CHIEF OF STAFF FOR MANPOWER; ACCOMPANIED BY BRIG. GEN. DONALD J. FULHAM, DIRECTOR, PERSONNEL PROCUREMENT DIVISION, U.S. MARINE CORPS

General BRONARS. Yes, sir, I do. I am pleased to return to this committee and give testimony.

Mr. Chairman and members of the subcommittee, I am pleased to represent the Marine Corps today to discuss educational assistance for the military. The fact is that considerable criticism and concern have been voiced for a relatively long period of time about the ability of the military services to attract and retain sufficient numbers of quality personnel to satisfy our manpower requirements in the All-Volunteer Force environment. We heard Admiral Miller talk about the reduced number of personnel, young people that will be graduating from our high schools during the 1980's. This, coupled with the fact that every projection I have seen is that there will be a high demand for quality personnel in the private sector, leads me to conclude that meeting these quality manpower needs in the military services will prove ever more difficult as we enter the 1980's. Therefore, I think it is very important that you focus your attention, and we focus our attention, on ways to attract the type of person capable of being trained to employ, operate, and maintain the increasingly sophisticated weapons systems and equipment that we expect to field in the 1980's.

I think that a properly designed educational assistance program for the military will provide the type of incentive that will allow us to meet those requirements successfully.

In the past, an educational assistance program, such as a GI bill, has been used and has served as an incentive for attracting a large number of our youth within the higher mental groups and that is what this new GI bill is designed to do. It is quality personnel that all of the military services are going to experience difficulty in attracting and retaining in sufficient numbers to meet their technical skill requirements.

The Marine Corps experience with the Vietnam-era GI bill which, as you know, terminated on December 31, 1976, was that it was a very strong incentive, and that it was very successful in attracting quality young men and women to volunteer for military duty.

I personally believe that a properly designed educational assistance program will be equally successful not only in attracting but in retaining the quality young men and women that we need in the

Armed Forces. I think there are four essential features that this bill, this program, should have. One is that it should have an incentive to volunteer for service in the Armed Forces. It should have an inducement to stay on active duty. It should include an encouragement to make the military a career, and it should require honorable service.

I personally believe that such a bill is needed, if the military is to meet its manpower requirements both in terms of quality and quantity in the immediate and long-term future. I think it can be successful in doing that. I think Admiral Zech touched upon, and I would like to reinforce, the fact that equally important is the benefit, the more intangible benefit, that would accrue to the Nation. As individuals, both in and out of service, took advantage of their educational entitlements, they would be in a better position to contribute in a fuller sense to the strength of our great country.

I hadn't heard the statistic before but it certainly is meaningful to me to hear that, for every dollar invested in former GI bills, the Treasury of the United States realized a return of $3 because of the increased earning power of the individuals who participated in the program. I don't know whether that is valid, but it is certainly something that is very meaningful. I think one of the philosophical questions that I hear asked is whether having a GI bill in an all-volunteer environment is appropriate. In the past, we became accustomed to a GI bill being applied to compensate individuals for being required to serve their country in uniform in a conscription or draft environment. I personally feel that it is probably now more appropriate because we are having some difficulty in attracting the youth of the Nation to volunteer to serve their country in uniform. I would think that the individual willing to sacrifice a part of their youth to serve their country should receive this additional consideration. I think it would be very important to us, the uniformed services, in terms of being able to meet our manpower requirements.

That concludes my opening statement, sir. I would be glad to answer any questions. If you desire, I will answer the four questions you posed previously.

WRITTEN STATEMENT OF LT. GEN. EDWARD J. BRONARS

Mr. Chairman and members of the subcommittee, I am pleased to appear before you this morning on behalf of the Marine Corps to discuss Veterans' Educational Assistance Programs.

On 10 September 1981, Assistant Secretary of Defense Korb testified before this subcommittee and expressed the views of the Department of Defense and the administration that congressional action on a new educational program should be delayed until next year. At that time, the Department will have analyzed the results of ongoing tests and submitted its program to the Congress.

Considerable concern has been expressed over the ability of the military services to attract and retain sufficient numbers of quality young men and women to satisfy manpower requirements in an All Volunteer Force environment. In light of the ever smaller number of young people that will be graduating from high school during the 1980s and the projected high demand for quality personnel in the private sector, there is no question in my mind that the quality manpower needs of the military services will prove even more difficult to satisfy. Under these circumstances, we need to focus our attention on ways to attract and retain sufficient personnel who are capable of being trained to operate and maintain the increasingly sophisticated weapons and equipment that will be fielded during the 1980s. An effective Educa-

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tional Assistance Program could, in my estimation, provide the type of inducement that would allow these manpower requirements to be met successfully.

In the past, educational benefits (such as the G.I. Bill) have served as a primary incentive for a significant number of youths in the higher mental group categories to enter military service. These are the very personnel that all of military services will experience difficulty in attracting and retaining in sufficient numbers to satisfy technical skill requirements.

When the Vietnam Era G.I. Bill terminated on December 31, 1976, the Marine Corps lost a strong incentive that I believe was very successful in influencing quality young men and women to volunteer for military duty.

A properly designed Educational Assistance Program would be very successful today in attracting and retaining high quality young men and women in the Armed Forces of the United States.

Essential elements of the Program should include:

An incentive to volunteer for service in the Armed Forces.

An inducement to remain on active duty.

An encouragement to make the military a career.

I sincerely believe that a new Educational Assistance Program is required if military manpower requirements, in terms of both quantity and quality, are to be met successfully in the immediate and long term future.

Equally important is the more intangible benefit that would accrue to the nation. As individuals (both in and out of the service) took advantage of their educational entitlements, they would be able to contribute in a larger measure to the overall strength of this great Country.

Mr. Chairman, this concludes my prepared statement. I would be pleased to respond to any questions you may have.

Mr. NICHOLS. You may proceed; yes, sir.

General BRONARS. I indicated in my opening remarks that I believe that the enactment of a new educational assistance program would have a very positive impact on all of the services in terms of our ability to recruit and retain personnel, particularly if it had the features that I indicated it should have.

As far as providing for the same educational entitlements for enlistees of each of the services, I think that is particularly important. I believe that the educational entitlement should be universal, that everybody that qualifies in terms of being a high school graduate, serving honorably during their obligated service, obligating themselves to additional active duty service, should be equally entitled to the same benefits.

I believe that it would be a wrong move on the part of the drafters of the legislation to provide for some sort of targeting, either on a particular service or on certain communities within the Armed Forces of the United States.

In answer to the second question on transferability, I would say that this is a particularly important feature in encouraging people to make a career out of the military. As a matter of fact, I think it is a rather cost effective feature. If I use the value of a GI bill, and let's assume that it is $20,000, and the service member could transfer to his dependents, and has committed himself to stay on for a full 20 years, and perhaps even beyond; division by 10 says that for $2,000 a year you have retained a proven, experienced, technically qualified, well-trained individual to continue to serve his country as not only an individual soldier, sailor, marine, or airman, but also as a leader and as a supervisor. I think that is a very cost effective provision. I don't see how we could do any better. All of our reenlistment bonuses are substantially higher than that, even the lowest of them. A man will get more than $2,000 a year to reenlist in any of our short skill areas. So I personally believe that it is very cost effective provision and it is something that will attract people to stay in. It is this type of person that we would like to stay in, because he is a serious-minded individual who is looking to the future and the enhancement of the opportunities available to his children. This is the type of individual we would like to see stay in.

As far as having a provision for a cash-out of that entitlement in terms of money, I think that would be a wrong move, mainly because the type of individual we are trying to attract is the solid family man. He is the individual who will want to apply that benefit to his children. I think we ought to leave it that way.

On the third question, should it also be given to enlistees in the Reserve? I believe we ought to have some feature that would influence young men and women to join and stay in the Reserve. We have something of that nature now in existence that, as far as the Marine Corps is concerned, is working very well. It is called the Selected Reserve incentive program and provides for educational assistance.

I believe that a bill of this nature doesn't necessarily have to include a provision for the Reserves, because we have one right now that is working very well. We should see what impact a GI bill that would be applied only to the active duty community would have on the Reserve community. If it is having a negative impact, we can increase the entitlements that are in the SRIP. I am not against including them in the GI bill. I just think we have something that is very effective right now and I would rather not turn it off. If it is included, then I think that it should be a balanced program. The entitlements that an individual who serves in the Selected Reserve, which includes 1 weekend out of every month and 2 weeks out of the year, should be commensurate with the time that he devotes to his military duties. So, if you take a 6-year commitment to the Selected Reserve, during that 6 years, the service member would serve about 1 year on active duty. The Reserve entitlement probably should be about one-third of the Active duty entitlement for a 3- or 4-year first-term obligation, that is, 36 months or 4 academic years of entitlement. The Selected Reservist probably should receive one-third of that for a 6-year commitment, or something in that neighborhood. I don't believe that the provisions of transferability should be included in any of the Reserve provisions.

What we would give up is an unfair question sir, but let me try to address it. I do believe that there is going to be a very positive impact of a GI bill on our ability to recruit and retain. I think we are going to be more efficient and effective in the military services because of it. I believe we will realize a significant payoff in terms of an ability to reduce the amount of money, the growing amount of money, that we are investing in enlistment and reenlistment bonuses. I think you are well aware that these bonuses have grown substantially over the last few years. I believe that there will be a significant—there can be a significant—reduction in these programs. I don't think that you would expect me to commit the Marine Corps to any reductions in specific programs at this time, because we are going to realize the benefits of a GI bill in the future. I think when we realize those, we will find that there are reductions that can be made in existing programs that we apply today.

I also firmly believe that ultimately the GI bill will pay for itself, but that is just a feeling that I can't quantify. I do believe that probably past GI bills, because of the additional earnings that individuals who participated in those GI bills have provided in terms of tax revenues, have more than paid for themselves.

I personally feel that it is a right move for a lot of reasons; not only because it will help this Nation have the type of national defense capability that we need in the 1980's and into the future, but the Nation as a whole will accrue very significant benefits since we will have more competent people, whether they stay in or get out of service. Because of their ability to get an education, they will participate more fully not only in the military but also in our communities around the country.

Mr. NICHOLS. OK, General. Let me ask you how you look at a GI bill for officers. You heard the question I put to the Admiral?

General BRONARS. Yes, sir. I feel that the GI bill should be available to everyone serving their country in uniform. I don't believe that including the GI bill for officers is going to increase the cost of the GI bill that much.

Mr. NICHOLS. The point I make is simply that many of these officers have gotten a pretty good stipend toward their college education, such as the ROTC program; they have been paid and you might argue, well, they served their drills, went to summer camp, paid their way. But they already have a degree, you see. I just wondered if you felt that it was necessary to include officers.

General BRONARS. I think you make a good point, sir.

I personally feel that, one, it would be a positive step to include officers because, if we didn't, they would feel that, for some reason or other, people regarded their service to the country to be less contributory than the service of an enlisted man. But, I also honestly feel that the percentage of officers taking advantage of this GI bill is going to be very small. A lot of them will take advantage of the GI bill while they are in the service. My experience in the Marine Corps is that those who have done this have gone into disciplines that will enhance their capability and competence in the various jobs that they hold in the Marine Corps.

So they are going to school and that ability to go to school strengthens the Corps. It strengthens all the services. I think there are a lot of advantages to it. I don't think it is going to cost that much. If they are not included, I think there is a very distinct possibility that the officers will perceive the decisionmakers, the Congress, the administration as feeling that their contribution in the service is not regarded very highly.

Mr. NICHOLS. Additionally, the biggest problem in recruiting, I think the records will reflect this, has been in your branch of service and also in the Army. We have heard testimony that would suggest perhaps that the Army be given some type of a competitive edge in recruiting under whatever GI bill the Congress might see fit to pass. In the event that should occur, do you think the Marine Corps recruiting would suffer?

General BRONARS. Yes, sir. That issue, of course, has been cussed and discussed for a while now around town.

Mr. NICHOLS. First, if I might interrupt, do you envision the necessity of having some difference in emoluments for those who would enlist under a GI bill in the Air Force, Navy, Army, and Marine Corps? The argument has been made that we are just going to further pile on top of the problems that we now have in that the first preference of so many is the Air Force, followed by the Navy, and we are just wondering if under a GI bill that is not going to continue to occur, unless you make some differentiation. Would you generally think you would be supportive of some differentiation?

General **Bronars**. No, sir. I strongly oppose that approach to an educational entitlement, simply because I feel that every young man or woman willing to sacrifice and serve their country in uniform, regardless of whatever service they choose to serve in, should receive the same educational entitlement.

I believe that allowing any service to have a competitive edge, an advantage of this nature, in a marketplace which is going to be extremely difficult in attracting quality young men and women—talking about mental groups 1 and 2—is unfair.

The Army has not, until very recently, paid much attention to quality. Since they have been paying attention to quality in the Army recruiting service, they have been very successful. Their high school graduate percentages have gone up dramatically. Their percentages of mental categories 1, 2, and 3 have gone up dramatically. If they continue these management actions I believe the profile of individuals they attract in the Army will compare very favorably with the profile of those attracted into the other services.

Mr. **Nichols**. Of course you are apt to get some argument from the Army over the first part of that statement, that they haven't paid much attention in the past. We know one reason they are having to pay so much attention now is that in the conference last year we put some rather rigid restrictions in there that are forcing them and all other branches of service to be more attentive to the type of individual that we are recruiting.

General **Bronars**. I recognize that the Army has the more difficult problem because of the number of individuals they have to access.

Mr. **Nichols**. Plus the nature of the service. The nature of your service, General, you are a pretty tough outfit, I salute you. You recruit under that. Everybody just can't be a marine. You have a great deal of pride, esprit de corps, in the Marine Corps. You are a good tough outfit. But some of our people recognize that you are tough and they don't opt for that always.

General **Bronars**. Well, it is true that the propensity to enlist in the various services identify the Marine Corps as having the lowest propensity amongst the young people. It makes our job more difficult. It makes our recruiter's job more difficult. I am thinking of the recruiter out there in the recruiting substation which has an Army, a Navy, an Air Force, and Marine Corps office. All of these recruiters are trying their hardest to do a very difficult job and there are, unfortunately, always going to be some pressures on them. We try to relieve those pressures to the maximum extent possible. The mission is to recruit. I can just see the impact of providing a competitive edge to one service and that individual recruiter with signs up on the doors saying, "Come in this office and we can offer you this additional entitlement or benefit, and the others can't do that for you." I just think that is going to have a catastrophic impact on the morale of our recruiters.

Mr. NICHOLS. Of course we do that now with the enlistment bonus. The big part of the idea, the big part of the emphasis on the GI bill is to help us recruit and help us retain. Sometimes the equity, maybe, of having an even sort of system may get lost in this thing. On combat arms we pay a bonus now.

General BRONARS. And bonuses for technical skills, sir.

Mr. NICHOLS. Yes, sir.

General BRONARS. We think that all of the services now have about the same measures, the same means, to attract and retain. It would be wrong to differentiate in something as fundamental as an educational entitlement that most Americans would regard as something earned because you have served your country in uniform. To say that people willing to sacrifice 3 or 4 years of their life and serve it in the Army have earned a greater educational entitlement than those who have served in one of the other services does not make a lot of sense to me and does not appear to be very fair to me, and I don't think it would be regarded as very fair by the majority of people.

Mr. NICHOLS. You are looking at this whole GI bill as an entitlement program.

General BRONARS. Yes, sir.

Mr. NICHOLS. Something you have earned by virtue of the fact that you have worn a uniform, you served your country, you are entitled. I would be the first to agree that in former GI bills that we have had—World War II, Korea, Vietnam—this is the emphasis that has been placed on it. It is something you have earned and a grateful country wants you to have this. But this particular bill goes a little bit in a different direction somewhat rather than simply a basic entitlement program.

I have talked too long. Let me yield to an old marine.

Mr. WHITE. That is all right. I have no questions. I am thoroughly in accord with General Bronars.

General BRONARS. There is one other feature about targeting either to a service or to a skill that I think is a bad feature. If you used the GI bill, made it universal, and you didn't target it to a particular service or particular skill area you would expand the marketplace. In other words, you would open up that marketplace to mental groups 1, 2, and 3 that we are really looking for to man our sophisticated weapon systems. The recruiters can go out into that marketplace and sell that GI bill, attracting people into the service. But if you limit it to only the Army or only the Marine Corps or only the Navy, you tend to limit the marketplace. I just think it is the wrong route.

Mr. NICHOLS. Let me say this to you, one thing I appreciate about you marines, when you come over here you level with us. You give it to us like you believe it. I appreciate that very much. I think your testimony will be very helpful to us on the record here.

Mr. WHITE. May I have one question?

Mr. NICHOLS. Sure, Mr. White.

Mr. WHITE. General, if we go eventually to draft Reserves, you know the concept, you would certainly include the opportunities for education from service in that training, wouldn't you?

General Bronars. Yes, sir. I hope you didn't misinterpret my remarks. I believe that we should have a feature for educational assistance in our Reserve programs. I was just saying that we have that feature now in what is called the Selected Reserve incentive program and that can be expanded. It can be enhanced. Right now it amounts to $1,000 per year that a man can earn for a 4-year period, or $4,000 limit. That can be made anything we want to make it. If it is not there, then I believe it should be in the GI bill. It has to be in one place or the other. We are a total force now. Reserves play a very important part. We certainly need that in order to maintain the levels and the manpower of our Reserve Forces. I fully concur.

Mr. White. Thank you. Thank you, Mr. Chairman.

Mr. Nichols. Mr. Wincup.

Mr. Wincup. Just one quick question. General, the retention situation is really not bad today. There is going to be a pay raise clearly in some form very soon that makes it look even more promising. What kind of analysis or estimates can you provide about how many extra people transferability will add to what we take with the current retention picture?

General Bronars. Mr. Wincup, I don't have an answer. May I try to get an answer and provide it for the record, if we can work up something that I have any confidence in?

Mr. Wincup. Mr. Chairman, if they could, and maybe the Navy, also.

Mr. Nichols. If you would.

Mr. Wincup. Thanks.

IMPACT OF TRANSFERABILITY ON RETENTION—NAVY

Admiral Zech. At the present time, Navy is losing 44 percent of mid-career petty officers at the second term point (6–10 years). With respect to officers, by the end of ten years (officers commissioned in 1971), the Navy is experiencing a loss rate of 78 percent.

We have not been able to measure the impact that transferability would have. Considerable interest has been expressed by individual Navy servicemembers who are concerned about the 1989 termination date for the Vietnam Era GI Bill, and the constraints existing in the present Veterans Educational Assistance Program. Their reaction to a transferability clause in a new GI Bill has been universally enthusiastic. We can only estimate that transferability of educational benefits in a new GI Bill would definitely increase retention, but we cannot predict to what extent.

IMPACT OF TRANSFERABILITY ON RETENTION—MARINE CORPS

General Bronars. In an attempt to answer this difficult and involved question, the Marine Corps Operations Analysis Group (MCOAG) who conducts manpower research for the Marine Corps, was asked to examine this issue and determine if analysis could provide an answer. MCOAG stated that no previous studies had been conducted that could provide a precedence or starting point to address a question of this nature. According to the MCOAG, a survey could be conducted to estimate an impact. However, they felt it would take at least a year to design and distribute a scientifically sound survey and to collect and analyze the data. Additionally, a survey addressing this type of issue generally had poor validity and could not be used with any confidence to define a quantitative impact.

As an additional effort we contacted the operation officers of eight battalions (4 infantry, 3 artillery, and 1 support battalion), and asked them to conduct a poll of their Marines in an attempt to measure the interest of the transferability provision. The background information on transferability was extracted from H.R. 1400 and briefed to the units, and the target populations were married Marines and first term Marines. The results of that poll were that of 697 married Marines surveyed, 44.1 percent (308) indicated that they would stay in to take advantage of the transferability provision and 22.6 percent (158) indicated they would stay in whether or not there was a transferability provision. Another way of interpreting this is that 51.3 percent of those married Marines who indicated that they would stay in for the transferability provision, would separate if it were not offered. A total of 2,424 first term Marines (both married and single) were also polled, 27.5 percent (666) indicated that they would remain in the service at least long enough to take advantage of the transferability provision as compared to 9.7 percent (236) who indicated that they would stay in whether or not the transferability provision were offered. That is to say that among the first term Marines polled, 35.4 percent of those who indicated they would remain in service at least long enough to become eligible for the transferability provision, would separate if that provision were not offered..

Although the survey may not be scientifically designed, it does indicate that there is a great interest among Marines for a provision that would permit the transfer of educational benefits to dependents.

Mr. NICHOLS. We thank both of you branches of service for being with us this morning. It has been very good testimony, I think.

The subcommittee is going to stand adjourned to meet again on Wednesday of next week, and at that time we will hear from the Veterans' Administration and we will hear from the Reserve components.

[Whereupon, at 11:30 a.m., the meeting was recessed, to reconvene Wednesday, September 30, 1981.]

House of Representatives,
Committee on Armed Services,
Military Personnel and Compensation Subcommittee,
Washington, D.C., Wednesday, September 30, 1981.

The subcommittee met, pursuant to notice, at 10 a.m., in room 2212, Rayburn House Office Building, Hon. Bill Nichols (chairman of the subcommittee) presiding.

Mr. Nichols. The subcommittee will come to order.

As part of our hearings on a new educational assistance program for the military, the Subcommittee on Military Personnel and Compensation will receive testimony from a representative of the Veterans' Administration and from a panel of the Reserve component chiefs.

Our first witness will be Mr. C. L. Dollarhide, Acting Director, Education Service, Department of Veterans' Benefits, Veterans' Administration. As the agency which will administer any new education assistance program, it seems to me it is appropriate for us to determine what difficulties such a program would present for the Veterans' Administration, as well as have that agency's perspective on the effect of the past GI educational assistance programs.

Mr. Dollarhide, we look forward to your testimony this morning. You may proceed. We are pleased to have you this morning as our first witness.

STATEMENT OF C. L. DOLLARHIDE, ACTING DIRECTOR, EDUCATION SERVICE, DEPARTMENT OF VETERANS' BENEFITS, VETERANS' ADMINISTRATION, ACCOMPANIED BY ROBERT DYSLAND, DEPUTY ASSISTANT GENERAL COUNSEL, VETERANS' ADMINISTRATION; AND JUNE SCHAEFFER, ASSISTANT DIRECTOR FOR POLICY AND PROGRAM ADMINISTRATION, VETERANS' ADMINISTRATION

Mr. Dollarhide. Thank you very much, Mr. Chairman.

If I may, I would like to introduce the people at the front table helping me. On my right is Mr. Robert Dysland, Deputy Assistant General Counsel for the Veterans' Administration; on my left is my Assistant Director, Miss June Schaeffer.

In the interest of time, Mr. Chairman, I would like to briefly summarize my prepared statement and, with your permission, introduce the prepared statement for the record.

Mr. Nichols. Without objection, that will be done, sir.

Mr. Dollarhide. Mr. Chairman, members of the committee, the position of the Veterans' Administration is that we oppose enactment of any new GI bill at this time because we do think it is premature. We presently have three educational programs on the books: one, the current GI bill; two, the test program enacted in the Department of Defense Authorization Act of 1981, Public Law

96–342; and the post-Vietnam era veterans' educational assistance program referred to as VEAP, or chapter 32 under title 38.

The DOD test program and VEAP are still being evaluated, and it is too early to get a reading on the success or lack of success. When the VEAP program was established, it was set up to be a test program. Congress mandated that if the President determined the VEAP program should be continued, that the President should make such a recommendation to the Congress on or before June 1, 1981.

Such a recommendation, if not disapproved by the House or the Senate, would permit enrollments in the program beyond December 31, 1981.

In his message to the Congress, dated May 30, 1981, the President did make such a recommendation. As the President stated:

> Over the next several months the Administration will be continuing its evaluation and review of both the VEAP and Department of Defense test programs with a view towards developing legislative recommendations regarding education programs for service members and veterans. In view of this effort, I am recommending that the VEAP program be continued beyond its current termination date of December 31, 1981. This will permit the administration to complete its review and will provide time for submission of legislative recommendations that I anticipate will be submitted in early 1982.

Consistent with the President's position, we believe it would be unwise to go ahead with a new GI bill type program before evaluations of both the VEAP program and the DOD test program have been completed.

Mr. Chairman, that completes my summary of the statement. I would be pleased to answer any questions you may have, especially as they would reflect on H.R. 1400 as reported out of the House to this committee.

WRITTEN STATEMENT OF C. L. DOLLARHIDE

Mr. Chairman and members of the committee, we appreciate the opportunity of appearing before you today to provide you with the views of the Veterans Administration on legislation pending before you which would establish a new education program for service members, veterans, and reservists.

Mr. Chairman, consistent with the Administration's position, the Veterans Administration opposes the enactment of any new GI bill program at this time as we consider such action premature. There are currently three education programs on the statute books which provide many service members and veterans (and in some cases dependents) with educational assistance. These three programs are the current GI bill program, the program enacted in the Department of Defense Authorization Act, 1981 (Public Law 96–342), and the Post-Vietnam Era Veterans' Educational Assistance Program (VEAP). The latter two are still in the test stage and final results are not available at this time.

In addition, servicemembers and veterans are also eligible for other forms of Federal educational assistance. The Armed Forces, for example, provide various educational programs for those on active duty. Veterans are eligible for vocational rehabilitation assistance from the VA if they are disabled and need retraining, and veterans are eligible to participate, along with the general populace, in a number of educational programs administered by the Department of Education. These latter benefits are generally available in the form of grants and loans.

The current GI Bill provides educational assistance for those individuals who entered military service after January 31, 1955, and before January 1, 1977, as well as those individuals who were placed in a Delayed Entry Program prior to January 1, 1977, were assigned to a reserve unit, and entered on active duty prior to January 1, 1978.

This program was intended primarily to provide readjustment assistance to veterans returning to civilian life and does not require the individual to make contributions toward his or her own education. Single individuals are eligible for educational assistance up to $15,390 on the basis of pursuing a program of education full time at an institution of higher learning ($342 per month for a maximum of 45 months). Where the individual has dependents, the maximum benefit is even greater.

The second education program, to which I have already alluded, is the pilot program enacted in the Department of Defense Authorization Act, 1981. Under one feature of this program, certain individuals who enlist or reenlist in the Armed Forces on or after October 1, 1980, and before October 1, 1981, are eligible for educational assistance provided they meet all of the eligibility criteria. Those eligible would be entitled to receive reimbursement for tuition and fees in an amount up to $1,200 for an academic year (9 months). They would also be entitled to a monthly subsistence allowance of $300 for full-time pursuit. The extent of the benefit would be based on the time the individual serves on active duty, with maximum entitlement set at 4 academic years. The Department of Defense has been actively engaged in testing the feature of this pilot program to determine its potential effectiveness as an enlistment incentive.

The third program cited, the VEAP program, was established by the Congress in 1976 to replace the post-Korean conflict and Vietnam era GI Bill. It was enacted for the purpose, among others, of aiding the all-volunteer military program of the United States by attracting qualified men and women to serve in the Armed Forces. Those entering military service on or after January 1, 1977, are eligible under this program. This is a contributory plan under which individuals may make monthly contributions from their military pay to help finance their own education. These allotments range from as little as $25 per month to $100 per month, up to a maximum total contribution of $2,700. In addition, under recently enacted Public Law 96-466, individuals may also make lump-sum contributions provided, of course, that total contributions do not exceed the $2,700 maximum.

Eligible individuals may begin using their benefits after completing their first obligated period of active duty or 6 years of active duty, whichever period is less, or after their discharge or release from service. The Veterans Administration currently matches the individual's contribution of a $2 for $1 basis. Thus, on the contributory basis alone, individuals may receive up to $8,100 in educational assistance ($2,700 from their own contributions matched by $5,400 in VA funds).

As another part of the Defense pilot program, in addition to the individual's contribution, the Department of Defense may add to the individual's education account what has come to be known as the DoD "kicker." This kicker, which can be in varying amounts up to $12,000, when added to the individual's monthly contributions plus the VA matching funds, can provide as much as $20,100 in educational benefits. The DoD kickers are paid primarily to those with specialties and skills in which there is a shortage of personnel for enlisting in the military.

In still another feature of the pilot program enacted in the Department of Defense Authorization Act, 1981, the Congress provided that, under certain circumstances, the Department of Defense may pay the monthly VEAP contributions on behalf of an individual and, under certain circumstances, an individual eligible for VEAP benefits may transfer such entitlement to a dependent or dependents. Thus, there are many benefits available under this program.

In establishing the VEAP program, the Congress provided that it was to be a test program. It did so by requiring the President, if he determined that the program should be continued, to make such a recommendation to the Congress on or before June 1, 1981. The Congress also provided that in the event the President made such a recommendation, which would permit enrollments in the program beyond December 31, 1981, the House or the Senate could disapprove such a recommendation.

The President, in his Message to the Congress dated May 30, 1981, did make such a recommendation. As the President stated:

"Over the next several months the Administration will be continuing its evaluation and review of both the VEAP and Department of Defense test programs, with a view toward developing legislative recommendations regarding education programs for servicemembers and veterans. In view of this effort, I am recommending that the VEAP program be continued beyound its current termination date of December 31, 1981. This will permit the Administration to complete its review and will provide time for submission of legislative recommendations that I anticipate will be submitted in early 1982."

Consistent with the President's position, it is recommended that the Congress defer action on any new education program until the results of the studies of the VEAP program and the Department of Defense progam have been completed. This will allow a thorough examination of the specific objectives of any potential new program and how it will fit into the needs of the Armed Forces in the future.

Mr. Chairman, that completes my presentation. We will be pleased to respond to any questions you may have.

Mr. NICHOLS. All right, sir.

I wonder if you can provide the committee some estimate on what the past utilization rates have been for service personnel under the old GI bill and whether you think such a feature as the right to transfer entitlement to a spouse or dependent would substantially alter historical utilization rates?

Mr. DOLLARHIDE. Mr. Chairman, there were a number—I might have to, if it is permissible, float the exact number for the record if you want that information as to the number of service persons who actually used their chapter 34 GI bill entitlement while they were on Active duty. Quite a number of them.

Mr. NICHOLS. I am interested in the percent, not so much in numbers. Are we talking about 10 percent, 20 percent?

Mr. DOLLARHIDE. I do have the numbers here, Mr. Chairman. These are figures through April of 1981. You are asking how many servicemembers trained while on Active duty?

Mr. NICHOLS. I am just asking what is the past experience of the Veterans' Administration of people who have gone into the GI bill, taking advantage of it while they were still in uniform.

Mr. DOLLARHIDE. OK. Under the current bill, out of a total number who have trained, 7,721,323 of those did use training as service personnel.

Mr. NICHOLS. Out of how many that were eligible?

Mr. DOLLARHIDE. About 7½ million trained. Now in excess of 9 million were actually eligible.

Mr. NICHOLS. So we are talking about maybe 10 percent or less?

Mr. DOLLARHIDE. Who used it as servicemen?

Mr. NICHOLS. Yes.

Mr. DOLLARHIDE. Now a number of those did continue as veterans after discharge from the service. The total number of trainees was 9,722,000.

I beg your pardon, sir, that was the number actually eligible to use training—5,677,175, or 58.4 percent of everybody who was eligible from a period from August 6, 1964, up through December 31, 1976.

Mr. NICHOLS. That includes people who took advantage of this while they were still in uniform, it includes people who took advantage of it in going to college, continuing their college, as well as on-the-job training?

Mr. DOLLARHIDE. It includes the total.

Mr. NICHOLS. All skills, that type?

Mr. DOLLARHIDE. Yes, sir.

Mr. NICHOLS. About 58 percent of the total number of people eligible have actually taken advantage of GI bills in the past; would that be a fair statement?

Mr. DOLLARHIDE. That is for the current GI bill, Mr. Chairman. If I can clear it up, the 58.4 percent figure for participation is veterans after service, which does not include servicemen.

When you talk about Vietnam era veterans and service people, that participation rate increases to 65.3 percent of the number eligible who actually used training.

Mr. **Nichols**. The point I make is it has been a very popular program, it has been utilized by a pretty large percent of people who were eligible for it.

Mr. **Dollarhide**. Yes. Of the three GI bills, considering the current one, the Korean bill and World War II, the participation rate in this bill is approximately 15 percent higher than World War II and almost 20 percent higher than in Korea.

Mr. **Nichols**. OK. One other question I would like to raise with you. I believe in the past GI bills have been administered by the Veterans' Administration in their entirety, and certainly if we go into one, it would be my thinking that the Veterans Administration would be the logical people to monitor it, to administer it.

My question is: This is a little different in that the Department of Defense is picking up about half the cost of the bills, I believe, that is the case in Mr. Montgomery's bill. Do you see any problem that would raise for the Veterans' Administration in its administration?

Mr. **Dollarhide**. We have under the VEAP program——

Mr. **Nichols**. I wonder if you want to pick it all up?

Mr. **Dollarhide**. If you are talking about the money, the budget.

Mr. **Nichols**. The money.

Mr. **Dollarhide**. I think it would be appropriate, Mr. Chairman, for the Veterans' Administration to administer the program and to be responsible for the administrative costs plus the basic benefits.

I think the add-ons following the basic $300 rate per month to the serviceman or veteran, the add-ons should be, as reported in the report which accompanied this bill when it was reported from Chairman Montgomery's House Veterans' Affairs Committee, in the defense budget. I think we could go along with that, Mr. Chairman.

Mr. **Nichols**. One final question in this general area. There has been some discussion about providing different benefit levels to service people based on certain skills. Would this make it more difficult in administering it?

Mr. **Dollarhide**. Mr. Chairman, if I may speak as a program manager and what I would personally like, I will just say, based on experience, it is much easier to administer a program when you have standard rates; that the more variables you get into, the more potential for error and that sort of thing to occur.

Now, I have had my staff review H.R. 1400 as reported to you, particularly from the standpoint of what administrative problems there would be. If I can just say generally the bill would not be that difficult to administer, conditioned on one important thing, and that is a quick and fast exchange of information which affects an individual's eligibility between the Department of Defense and the Veterans' Administration.

Certainly there is nothing in here that we can't do, but just generally, the more variables, particularly between rates that you would have, the more room there is to do something wrong, basically.

I might say, Mr. Chairman, we have in place in the Veterans' Administration, our 58 regional offices, at least one in each State, and at Montgomery in your State. That is where the programs are implemented. I think that feature is good because that gives the veteran going to school an opportunity to contact our office in his State and the schools also in that State.

So we have had a great deal of experience in administering GI bills. We have had an excellent opportunity to improve our lines of communication with DOD under this chapter 32 VEAP program—the contributory program.

But I want to emphasize that it is very important that we have quick information from Defense on each individual who applies for benefits. It is important because we need that information before we in fact can pay a check.

Mr. NICHOLS. Mr. Mitchell.

Mr. MITCHELL. Thank you, Mr. Chairman.

Mr. Dollarhide, I came in a little late. I just want to clarify your position, if I can. You are not opposed out of hand to a new GI bill, you just feel that you want more time to study it, you feel it is premature for Congress to adopt a proposal like this at this time until you have had time to complete your studies; is that the idea?

Mr. DOLLARHIDE. I think primarily we do support the administration position. Bear in mind this is a bill designed to assist the military in recruitment and retention; whereas prior GI bills have been in the areas of readjustment. So we do support the administration position.

Mr. MITCHELL. The administration position is to wait and see?

Mr. DOLLARHIDE. Wait and see and study the results of some tests that are ongoing. As I understand, early results are supposed to be available.

Mr. MITCHELL. Does the administration have a timetable, Mr. Dollarhide, when they plan to come forth with a recommendation of their own?

Mr. DOLLARHIDE. I can't speak for the Secretary of Defense, but I think in view of the fact that it is geared to assisting the military, that we would support the position of the Secretary of Defense. But I can't answer that question, sir.

Mr. MITCHELL. We have heard very strong and supportive testimony from just about everyone in the services, all our leaders in the military who feel that it would make an excellent recruitment tool.

They even argue that it would be cost effective. They point to the difficulty up until recently of retaining pilots, for example, that it costs between $750,000 and $1 million to train a fighter pilot or carrier pilot. If we could keep just a few of them, we could pay for the program rather readily.

Are your studies sufficiently well along to confirm or reject that hypothesis, that it could be a cost-effective program, that we could make money?

Mr. DOLLARHIDE. I would like to correct you in one respect. That is a Defense Department study; it is not a Veterans' Administration study as such.

Mr. MITCHELL. I see. But I see nothing I could disagree with basically with that hypothesis, but I would defer to the Defense Department and to the military as to whether or not it would help their retention.

We are all aware of the utilization of the GI bill after World War II, and I think the cost effectiveness of that program is something

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like 3 to 1 for every dollar the Federal Government invested in education for a returning veteran. They received three back through the years because the veteran found a job at a higher skill level and paid far more taxes through his lifetime. That is a pretty good payback, 3 to 1. We don't have very many Federal programs that even break even, I am sure you are beginning to find out.

Mr. DOLLARHIDE. I have heard 3 for 1; I have heard 10 for 1.

Mr. MITCHELL. I haven't.

Mr. DOLLARHIDE. When you get down to validating, I don't think any study has confirmed one way or the other, but I think it is a reasonable conclusion.

Mr. MITCHELL. We have heard a lot of criticism of the VEAP program, people suggesting we don't have to study it any longer, it just isn't working, it is discriminatory, in effect, to those who most need the education, the early entrant, the newly enlisted man who can't pay very much and so doesn't get very much back in matching funds. He is the one maybe who needs it more than someone who is more highly skilled. The utilization rate seems to be very poor.

I hear individuals in my district complain about the fact they would love to build up some credits for education, but they just don't have the money at their pay level to pay it.

Do you have any comments on that, on the VEAP program?

Mr. DOLLARHIDE. I would have to say as to the VEAP, we furnished four reports on it to the Congress, as has the Defense Department, that the results have been disappointing.

A number of things, I think, affect that. The fact that a person does have to put his own money in the pot probably precludes it. We have had approximately 40 percent of those who have withdrawn their contributions, probably for economic reasons.

This program has been on the books since January of 1977. Currently we have had as of the end of the month, approximately 8,000 in training. So it is really——

Mr. MITCHELL. There are only 8,000?

Mr. DOLLARHIDE. Who have trained. Now, you have to bear in mind, Mr. Mitchell, that these first 3 years have just expired, basically. So you will have some increasing participation, but it will not be that significant when you compare it to the highest number of trainees during a fiscal year under the GI bill which was 3 million.

Mr. MITCHELL. 8,000 to 3 million, I guess you could say it is not working too well.

Mr. DOLLARHIDE. Public Law 96-466 did adjust the contribution rates from 50 to 75, to 25 to 100, and also allowed those who wanted to make a cash contribution to get entitlement under 32. But I think it is much too early to acknowledge any results on that having an effect one way or the other.

Mr. MITCHELL. Thank you, Mr. Dollarhide. Thank you, Mr. Chairman.

Mr. NICHOLS. Mr. Won Pat.

Mr. WON PAT. Thank you, Mr. Chairman.

Mr. Dollarhide, you are reflecting, of course, the position of the administration that there is no need for this legislation to be enacted, not until the Veterans' administration and the VEAP program and other programs are ready for submission to Congress; is that it?

Mr. DOLLARHIDE. Basically, we support the request of the Secretary of Defense and the administration to delay pending a study. I anticipate—and I can't put words in the mouth of the Secretary of Defense—but I would anticipate they would come up with a proposal in the near future, possibly by early next year.

Mr. WON PAT. It would mean then we would have to just put this away and wait for that proposal from the administration. Do you fully support that?

Mr. DOLLARHIDE. Well, I would think, sir, that if Congress wants to act, that it will.

Mr. WON PAT. Do you feel that the current GI bill is adequate to provide the necessary benefits for those veterans?

Mr. DOLLARHIDE. Are you thinking of the proposed legislation or the current GI bill?

Mr. WON PAT. The current GI bill.

Mr. DOLLARHIDE. I think it is now. I think it is adequate. I think when it was laid in earlier, it was laid in fairly low, where low benefits were probably in order, under the conditions at that time.

However, the Congress has raised the benefits, broadened the areas that are covered. And I think probably this Vietnam-era GI bill as presently constructed, chapter 34, is as good or better than any of the previous GI bills, as far as benefits are concerned.

Mr. WON PAT. What is the cutoff date of the current GI bill?

Mr. DOLLARHIDE. The current date that this current GI bill is scheduled to run out?

Mr. WON PAT. Yes.

Mr. DOLLARHIDE. December 31, 1989.

Mr. WON PAT. So you feel then that the current GI bill, in other words, the needs of the veterans up to this time, to the current cutoff time?

Mr. DOLLARHIDE. Are you talking about the contributory program, sir, that is more or less of a test program, that has been in place since January 1977, or the current chapter 34 GI bill?

Mr. WON PAT. The current one.

Mr. DOLLARHIDE. The current GI bill. Your question is: Do I think it is adequate for veterans?

Mr. WON PAT. Yes.

Mr. DOLLARHIDE. Yes, sir, I do.

Mr. WON PAT. In terms of education benefits, how much does it provide?

Mr. DOLLARHIDE. For a single person training full time, $342. Now there is additional money added on for dependents. This is per month.

Mr. WON PAT. Per month?

Mr. DOLLARHIDE. Yes—while he is enrolled and pursuing education on what is considered a full-time basis.

Mr. WON PAT. There is no definite amount?

Mr. DOLLARHIDE. $342 a month. Now, it depends, sir, on the amount of entitlement that he has earned. It is possible under the present law that individuals can have up to 45 months of entitlement, which is very generous.

Mr. WON PAT. I see. So it constitutes about 9 months?

Mr. Dollarhide. The bill, as initially laid in, provided for 36 months of entitlement. This was geared to 4 school years, considering each school year as the standard term of 9 months per year. This was later broadened to 45 months because Congress felt in some cases it could be utilized.

Mr. Won Pat. I see. I was just wondering, a person in service is discharged, wants to pursue a legal study. That will probably require, if he is only a high school graduate, will take him about 7 years. Do you think he can manage to get all those benefits to pull him through the years?

Mr. Dollarhide. If he was starting from scratch, sir, it wouldn't carry him through.

Mr. Won Pat. Thank you.

Mr. Dollarhide. It would be close. I got my own law degree under the World War II GI bill without that much time.

Mr. Nichols. Mr. Bennett.

Mr. Bennett. I am not sure I understand about the contributory 1977 program. Is that only a test program?

Mr. Dollarhide. It was basically laid in as a test, Mr. Bennett, to require, after 4 years' experience with it, that the President make a recommendation as to its continuance.

Now, under the decision he did make on it, in effect, it is open-ended until either new legislation occurs or new legislation actually terminates it.

Now, the President's recommendation could be vetoed by either House, as I understand it, within 60 days. The way you count it, I don't think that 60 days is quite up yet. But I have seen no indication that it will be.

Mr. Bennett. Then there is a GI bill running contemporaneously with it which is more generous?

Mr. Dollarhide. The current GI bill program has been in effect since 1966. Yes, it is more generous.

Mr. Bennett. Why would anybody take a less generous program?

Mr. Dollarhide. Well, this new chapter 32 was the only thing available to those who came on Active duty on January 1, 1977, and later.

Mr. Bennett. You are identifying that as the contributory program?

Mr. Dollarhide. Yes, sir, the contributory or VEAP program.

Mr. Bennett. You are saying at one time it was the only program they had?

Mr. Dollarhide. No. I am saying it is the only program available to service people who came on Active duty on or after January 1, 1977, because——

Mr. Bennett. Then the GI bill is applicable to people who came on service before that time?

Mr. Dollarhide. Actually from back in 1955 up through December 31, 1976; yes, sir.

Mr. Bennett. So there is no question of the same person having an alternative?

Mr. Dollarhide. No.

Mr. Bennett. From what you see in the 1977 program, are you ready yet to say whether you feel it is a successful type of program or not?

Mr. Dollarhide. Well, as a personal opinion, sir, I would have to say it is not.

Mr. Bennett. It hasn't attracted very many people, and those least able to pay are the ones who can't participate, among other arguments.

Mr. Dollarhide. That is a reasonable conclusion.

Mr. Bennett. I have no further questions.

Mr. Nichols. Would the gentleman yield?

Mr. Bennett. I yield.

Mr. Nichols. Mr. Dollarhide, I have looked at—visited a number of institutions in which their enrollment was very dependent on the GI bill, speaking about Korea, talking about Vietnam. And as unpleasant as this is to think about, I view a lot of people in these schools as there simply because there is an entitlement. They have so many months of benefits that they can "draw" by attending this trade school or this junior college or this particular area.

Does the Veterans' Administration have any—I am sorry to say that, but that is just my impression; not the majority, I have to say. Does the Veterans' Administration have any figures showing any results of actually people being employed in their job or in their area or being employed, period, as a result of their training?

Mr. Dollarhide. Mr. Chairman, we have information on that. I would like to float the record.

[The following information was received for the record:]

The 1979 National Survey of Veterans conducted by VA's Office of Controller provided us with an idea of the percentage of veterans who used their GI bill training in their first job. The following table describes the Survey findings:

USAGE OF TRAINING BY VETERANS IN FIRST EMPLOYMENT BY LAST TYPE OF TRAINING—"DID FIRST JOB DURING OR AFTER TRAINING USE TRAINING"

[In thousands]

Last type training	Percent yes	Percent no	Total number
College level	56.5	43.5	4,054
High school	[1] 34.0	[1] 66.0	107
Flight school	[1] 47.4	[1] 52.6	98
Other school	50.9	49.1	840
Correspondence	42.5	57.6	607
Apprentice	72.3	27.7	303
On-the-job	80.0	20.0	294
Farm training	[1] 50.0	[1] 50.0	37

[1] Standard errors exceed 10 percent.

Mr. Nichols. Sure. I didn't expect you to have it at your fingertips.

Mr. Dollarhide. We do for below college level schools. There is a requirement in the law, in fact, that 50 percent of those who complete the training do go to work in the job for which they were trained.

Mr. Nichols. How many?

Mr. Dollarhide. Fifty percent of the graduates.

Mr. Nichols. Fifty percent?

Mr. Dollarhide. Fifty-percent minimum. The 50 percent must actually go to work in the job for which the training was geared.

Mr. **NICHOLS**. I don't think that is too good a record myself. Do you agree with my observation in that many of these curriculum areas we do have a lot of people, veterans, who are there simply to draw their—however many months' benefit entitlement they have coming?

Mr. **DOLLARHIDE**. I am convinced, I think, as you are, that the vast majority of the veterans are honest and that the vast majority of the schools are, too. Unfortunately there is a small percentage—I don't think it is quantifiable—that are geared to veterans using it as an income supplement, and schools, on the other hand, using it as a means to get rich.

But there are a lot of provisions in the law which have developed over the years which are geared to controlling such things. We do compliance surveys on schools. And we do, of course, require certification from veterans and schools regarding their progress in training.

Mr. **NICHOLS**. Mr. Montgomery.

Mr. **MONTGOMERY**. I would like to take this opportunity to welcome Mr. Dollarhide, Bob Dysland, and Miss Schaeffer today. They have testified over on the other side of the building before the House Veterans' Affairs Committee, and they are excellent witnesses.

We are a little different over here on this committee, though. Usually on Veterans' Affairs, as Mr. Won Pat knows, we applaud witnesses. Over here they are a little tougher. So you might get a few harder questions than the big family over there on the other side.

Mr. **MITCHELL**. Santa Claus.

Mr. **MONTGOMERY**. You have better quit talking, I will get you on the Veterans' Affairs Committee. I have most of Armed Services over there now.

In case we could implement—I think eventually we are going to have to implement some type of GI educational bill, whether this well thought out bill that we presented here in H.R. 1400 or some other kind of bill that may be thrown together.

You are prepared to administer, you have the facilities, you want to continue to administer these educational programs; is that correct?

Mr. **DOLLARHIDE**. That is a fair statement.

Mr. **MONTGOMERY**. That is the philosophy of the Veterans' Administration?

Mr. **DOLLARHIDE**. That is a fair statement.

Mr. **MONTGOMERY**. And you could handle it; no problems?

Mr. **DOLLARHIDE**. Yes, sir, Mr. Montgomery. The other feature of the legislation I have seen proposed so far is that there is sufficient leadtime to consider problems that you would have, by reason of the fact that you are not going to have significant trainees in this for at least 3 years.

Mr. **MONTGOMERY**. As Mr. Bennett pointed out, and also Mr. Mitchell brought up, the VEAP program, whether it is good or not, contributory, it is not working well? A large percentage are not paying; is that correct?

Mr. **DOLLARHIDE**. I can give you——

Mr. **Montgomery**. I don't want you to go back through that book.

Mr. **Dollarhide**. No; but I have them written down in ink. I can just give you the total participants. It kind of speaks for itself. There are only five figures, Mr. Chairman, if I can be indulged.

Mr. **Montgomery**. All right.

Mr. **Dollarhide**. The total participants, those who have actually contributed is 368,065. The total presently contributing is 187,519. The total whose participation is over but that we have not refunded money is 65,632. And the total that has requested refund of their contributions is 114,914. As I said before, the total who have trained is 7,349.

Mr. **Montgomery**. Let me compare what you have just said with the GI education bill that we have for the Vietnam war that is still in effect, up to 10 years. The Veterans' Administration, it will cost them in 1982 $1,735 million. And that is about 600,000 participating in 1982. So I guess it speaks that they like the educational bill, where they do not have to contribute; they are participating in that much more than they are under the new program.

Mr. **Dollarhide**. Oh, yes, sir. Yes, sir.

Mr. **Montgomery**. As I understand it, all three of these programs, the two by Congress and the one by the Defense Department on educational benefits expire tomorrow, the programs are ended tomorrow.

Mr. **Dollarhide**. The DOD-authorized test, that is my understanding. Chapter 32, the VEAP program, does continue.

Mr. **Montgomery**. That does. But the test programs in effect stop October 1, but the VEAP program continues.

Mr. **Dollarhide**. Correct. Yes, sir.

Mr. **Montgomery**. I guess my point is, Mr. Chairman, we are going to have to do something in this committee, whether right or wrong. VEAP is not working and the other test programs are gone. So, I would hope—I appreciate your having these hearings.

I think the Senate—I could be wrong—but I think they held up on marking up an educational bill waiting on this subcommittee. They did mark the bill up this week, and I certainly hope will continue to move and we will have hearings and consider markup of some type of educational bill.

Thank you.

Mr. **Nichols**. Mrs. Holt.

Mrs. **Holt**. I have no questions, Mr. Chairman. Thank you.

Mr. **Nichols**. Mr. White, I believe you are next.

Mr. **White**. Thank you, Mr. Chairman.

I wanted to ask Mr. Dollarhide, do you feel that the GI bill of World War II was a success?

Mr. **Dollarhide**. Yes, sir, I do.

Mr. **White**. Do you think Congress made a mistake in repealing that law?

Mr. **Dollarhide**. No; I think, sir, the World War II, Korean and Vietnam-era bills were all primarily designed as readjustment benefits with a limited number of years on which they could be used following a wartime- or emergency-type situation.

So, on that basis, I think the generous timeframes for veterans discharged to use the benefits were appropriate. Due to the fact that they were geared to readjustment following disruption to a wartime or emergency situation, I saw no basis for them having been open ended.

Mr. **White**. Of course, we have one different situation than we had then. We have now the All-Volunteer Force.

Mr. **Dollarhide**. Yes, sir.

Mr. **White**. They are having consistent problems over the years making our volunteer force go.

Would you have any objection to the reenactment of the GI bill if it were handled by the Department of Defense?

Mr. **Dollarhide**. With the understanding that the Veterans' Administration would administer the bill, I would have no problems with that.

Mr. **White**. But you said you didn't want to administer it.

Mr. **Dollarhide**. No, I didn't say that, sir.

Mr. **White**. So you would want to administer any bill?

Mr. **Dollarhide**. It is proposed. We would have no objection, I think, since we already have the people and the facilities in place to administer a GI bill. Since we are still doing it, it would be appropriate for the Veterans' Administration to administer and fund the basic benefit.

The add-on features geared to recruitment and retention above and beyond the basic benefits should be in the defense budget.

Mr. **White**. Now, if there were no educational program in existence, none of the other two or three that you mentioned, would you favor the passage of a GI bill?

Mr. **Dollarhide**. Let me make the basic distinction which I meant to explain, and I may have been deficient in my explanation.

The prior GI bills, the three big ones are all readjustment-type programs. The new legislation that we are looking at is geared to military needs in the area of recruitment and retention. So there is a basic difference in them.

Certainly, if it is decided on the basis of the military test results and they propose it, certainly we would have no objection to it.

Mr. **White**. And you would want to administer it?

Mr. **Dollarhide**. Yes.

Mr. **White**. And if it served a purpose toward retention and the success of the All-Volunteer Force, then you would favor it?

Mr. **Dollarhide**. Yes, sir, I would.

Mr. **White**. Thank you very much.

Mr. **Nichols**. Mr. Skelton.

Mr. **Skelton**. Mr. Dollarhide, you confuse me, sir. You came over here and you testified, I didn't hear your full testimony, but I understand you came over here, and the Administration, Veterans' Administration, opposes the enactment of a new GI bill; is that correct?

Mr. **Dollarhide**. At this time, I think was the qualifier.

Mr. **Skelton**. The answer is yes, correct?

Mr. **Dollarhide**. Pending Defense having the opportunity to get the test results from the tests that they are conducting.

Mr. **Skelton**. But as of this moment, you are opposed to the enactment of a new GI bill?

Mr. **Dollarhide**. At this time, yes, sir.

Mr. SKELTON. And you have pointed out the distinction between the former GI bills, which were readjustment type, and the recruiting thrust that this one might have.

Didn't you say something to the effect just a few moments ago that if it actually helps recruiting, you would be for it? Did I understand that correctly?

Mr. DOLLARHIDE. If that would be the conclusion——

Mr. SKELTON. I want to know what side you are on here, is what I am trying to find out.

Mr. DOLLARHIDE. Sir, what the administration currently supports is the position of the Secretary of Defense and the administration, to delay, at this time, so as to afford them the opportunity to study test results. And then, early in 1982, as I understand, come up with their proposal.

Mr. SKELTON. You went further than that in your statement, though, sir.

Mr. DOLLARHIDE. I am not going to argue with you, Mr. Congressman. I don't recall precisely what I did say.

Mr. SKELTON. We are having recruitment problems, are we not?

Mr. DOLLARHIDE. Yes; I am aware of that.

Mr. SKELTON. And they are more particularly severe in the Army than in the other services. And if you would oppose this, would you have a substitute to recommend to us, to help us with recruitment? Would you recommend we go back to the draft?

Mr. DOLLARHIDE. Am I entitled to a personal opinion, sir?

Mr. SKELTON. Yes, sir, you are entitled to a personal opinion.

Mr. DOLLARHIDE. I agree with the chairman of the House Veterans' Affairs Committee that I would prefer a draft, personally.

Mr. SKELTON. I understand.

Mr. DOLLARHIDE. But I support the position of the administration in making the All-Volunteer Force work.

Mr. SKELTON. All right. Thank you, Mr. Dollarhide.

Mr. MONTGOMERY. Will the gentleman yield?

Mr. SKELTON. I yield.

Mr. MONTGOMERY. I think he is really an excellent witness. I am sorry you didn't get to hear his whole testimony.

Mr. SKELTON. I was chairing another subcommittee. I am sorry I didn't hear it, too.

Mr. NICHOLS. Thank you, Mr. Dollarhide. We appreciate your input.

Mr. DOLLARHIDE. I think we can say your committee is almost as gracious as Chairman Montgomery's committee.

Mr. NICHOLS. Thank you, sir. That is a real compliment.

Our next witnesses will be a panel of the Reserve chiefs. If you gentlemen will come up to the table, I will try my best to introduce you.

Gentlemen, if you will raise your hands so that the committee will know who you are.

Maj. Gen. William Berkman, Chief of Army Reserve; Maj. Gen. Herbert A. Temple, Deputy Director of the Army National Guard; Rear Adm. Frederick Palmer, Chief of Naval Reserve; Maj. Gen. George Crist, Deputy Chief of Staff for Reserve Affairs, U.S. Marine Corps; Gen. James C. Wahleithner, Deputy to the Chief of

Air Force Reserve; and Brig. Gen. Wess P. Chambers, Deputy Director of the Air National Guard.

I understand that we have no prepared statements as such. However, the subcommittee would be anxious to receive your personal opinion as chief of the Reserve components on a variety of issues affecting a decision whether to enact a new educational assistance program.

To initiate the dialog, I would like to ask each of our panel members to describe briefly their recent recruiting results, both in terms of numbers and quality, and then to comment as to whether the current educational assistance program provided the Reserves on a selected basis has been effective and whether Reserves should be included in a new educational assistance program.

But before that, and to get the issue on the table and in the bill that we are considering, I believe it has no provision for the Reserves. I am going to ask Chairman Montgomery to give us the effect of the amendment which he proposes to offer which would include the Reserves in the GI bill.

Mr. MONTGOMERY. Thank you, Mr. Chairman.

Under H.R. 1400, the bill mainly pertains to a section of the law that the Veterans' Administration would administer under title 38. Reservists would actually come under title 10.

So it was my feeling after talking to the different reservists and the chiefs of the Reserves it would be better to introduce a clean bill, which I did, H.R. 3997, that would, in effect, change the educational programs for reservists. And my plan is at the present time to submit an amendment, H.R. 3997, in effect, to H.R. 1400, and this committee has jurisdiction over that title 10.

Let me briefly tell you what the reservists have now, and any of the chiefs could correct what I might say. But we do have an educational program for reservists.

The Secretary of each military department may pay costs, tuition, fees, and books up to $1,000 in any 12-month period, and up to a maximum of $4,000 for a study to get a degree.

Mr. Chairman, we offered the amendment last year. This was $2,000. We raised that to $4,000 and it became law. I think these chiefs will comment on that, whether that has improved recruiting in the Reserve Forces.

Now, the program we now have in effect is limited to enlisted members of the Selected Reserve, who are high school graduates and enlist for 6 years or more with no prior service after September 30, 1977. The eligibility begins when they can start applying and drawing these benefits after they complete their 3 to 6 months active duty for training.

Briefly, the amendment that I would offer to the bill that was before the committee today, it would include a person who is a high school graduate, who agrees to serve 6 years or longer in the Reserve or National Guard after September 30, 1981.

I want to point out that they have to sign up for 6 years. That is much longer than in the Regular Forces. And they will be entitled to $140 a month for up to a maximum of 36 months.

I must also point out that this does include officers, as well as enlisted personnel. And they may begin using these benefits after thay have completed their Active duty for training and have 160 days of service.

So, in effect, my bill would raise it from about $4,000 to $5,060; it would increase the 36 months.

Mr. **White**. Will the gentleman yield?

Mr. **Montgomery**. Yes.

Mr. **White**. What do you do with the students who have a high school equivalency; is that included? In other words, they may not have graduated, but may have gotten a high school equivalency.

Mr. **Montgomery**. Right. I got you. It includes them in the bill.

Mr. **White**. OK.

Mr. **Nichols**. All right.

Suppose we begin then with General Berkman, Chief of the Army Reserves. General.

STATEMENT OF MAJ. GEN. WILLIAM R. BERKMAN, CHIEF, ARMY RESERVE

General **Berkman**. Yes, thank you very much, Mr. Chairman.

It is an honor and pleasure for me to appear before this committee and discuss the interests of the Army Reserve in the educational assistance programs.

The Army Reserve has made significant improvement in strength of the troop program units of the Selected Reserve; in 1978 the end strength was 186,000. The current end strength is closer to 221,000, a gain of 35,000 in 3 years.

We are still short of our fiscal year 1982 wartime strength of almost 286,000. But if the Army Reserve is to continue to grow to meet its wartime requirements, a varied range of incentives are required.

Currently there are Selected Reserve incentive programs which are designed to support recruiting and retention of high school graduates in higher priority units, certain critical skills, including reenlistment bonus, an enlistment bonus, an affiliation bonus, and an educational assistance program to which you have referred.

With respect to the current educational assistance program, the result of its increasing from $500 to a maximum of $1,000 over a 6-year period, to its current level of $2,000 per year with a maximum of $4,000 over a 6-year period, the result has been an increased level of participation. As of August 31, for the year to date, there have been approximately 3,000 individuals, representing 38 percent of those eligible, who have enlisted for the educational assistance. This should be compared to approximately 250 individuals for the same period last year, which is roughly an increase of 1,500 percent.

I believe that any legislative proposal implementing the concept of educational assistance for Active Federal service should include provisions to support service in the Reserve components. This then would include individuals who may not be interested in, or be part of, the market for a period of service in the Active Forces. Indeed a substantial number of members of the Army Reserve do join without prior military service. There has been an increasing growth of that percentage over the years.

In 1979, 39 percent of the accessions into the Army Reserve were nonprior service personnel. In 1981, 45 percent of the accessions were nonprior service personnel. So that is an important part of the accessions, and consequently I personally support an educational assistance program that encourages the appropriate quality of nonprior service individuals to become members of and participate in the Army Reserve.

Mr. Chairman, you asked for specifics with respect to the quality. I mentioned the nonprior service personnel during 1981 enlisting in the Army Reserves, approximate 27,000 individuals. Approximately 30 percent of those nonprior service individuals were in mental category IV, the lowest of the acceptable test score categories. Of these, 52 percent were high school graduates. So a substantial number were not high school graduates.

I think that the programs that are under discussion now to provide educational assistance for nonprior service participation in the Reserve components will address those figures.

I certainly applaud the concept of Congressman Montgomery's bill, H.R. 3997. I have some specific comments as to portions of the provisions that I think perhaps are not completely satisfactory, as far as my personal opinion is concerned. I can discuss those as we proceed with the questioning, or I can run through them quickly now, if you wish, sir.

Mr. NICHOLS. Suppose we go on, if you would, to the other members. I would like for each of you to respond as to the percentage of high school graduates you are presently recruiting, and category IV's that you are recruiting.

I would like you to also respond to whether you think the program ought to apply to officers as well as to enlisted people.

General Crist.

General CRIST. Would you like those statistics first, Mr. Chairman?

Mr. NICHOLS. Yes.

General CRIST. For high school graduates, we are recruiting 80 percent this year through the end of fiscal year 1981 for a total of, overall, 79 percent, in the Marine Corps; a very good year for us.

Mr. NICHOLS. Category IV's?

General CRIST. Seven percent.

Mr. NICHOLS. Seven?

General CRIST. Seven.

Mr. NICHOLS. I don't understand the difference, why a difference in Army and Marine Corps.

General CRIST. We follow directly the regular Marine Corps requirements criterion, which is 75 percent, no less, high school grads. Consequently our recruiters are looking for high school grads, and looking in those markets where we can get high school grads, and we are getting them.

General BERKMAN. If you are asking that question of me, Mr. Chairman, the Army Reserve is also following the Active Army goal, or floor, of 30 percent category IV, nonprior service, and there is a goal of 60 percent high school grads.

We are not achieving those goals in the Army Reserve.

Mr. NICHOLS. All right. General Crist.

STATEMENT OF MAJ. GEN. GEORGE B. CRIST, DEPUTY CHIEF OF STAFF FOR RESERVE AFFAIRS, USMC

General CRIST. It is a pleasure to appear before you to discuss education assistance for the members of the Marine Corps Reserve. As the committee has already said, the concept of educational assistance has to be approached in the context of recruiting and retention.

The Marine Corps Reserve is presently 4,000 Selected reservists short of the wartime-strength requirement. The goal is to reach our strength by fiscal year 1986. But total manpower represents only part of the equation. It is equally essential that the proper mix of skills be obtained.

For example, roughly a quarter of our units are not combat ready due to MOS shortages. So neither goal can be accomplished without a full range of incentives to recruit and retain the necessary Reserve manpower.

Thanks to the foresight of Congress, we indeed have these tools, enlistment, reenlistment, affiliation, education, and Individual Reserve bonuses. Now, the Reserve educational assistance bonus has been a particular success this year. This fiscal year the number of marines enlisted for the educational assistance program has risen 24-fold to the point where the allocation was oversubscribed by 125 percent and additional funds had to be diverted to cover the increase.

So with this in mind, sir, greater thought needs to be given to what if any linkage should exist between education incentives for the Active Forces and those for the Reserves.

The Vietnam-era GI bill for the Active Forces was terminated in 1977. I believe that the restoration of some form of educational assistance is certainly just recognition for a 3- or 4-year commitment to serve on Active duty, while at the same time providing the services with a strong incentive to influence quality individuals to volunteer for military duty. But the perceived need for the Active Forces, however, does not in itself mandate the inclusion of a Reserve provision.

The reservist is only required to serve 38 days a year on Active and Inactive duty. This commitment, while certainly significant, is neither directly proportionate to that of the active marine nor is it motivated by the same perceptions.

Separate recognition of the unique nature of the Reserve establishment was embodied in the enactment of the various public laws which provide for educational assistance for enlisted members of the Selected Reserve of the Ready Reserve. The purpose of this program, as stated, was to encourage enlistments in units of the Selected Reserve, and that purpose remains as valid today as when it was first enacted in 1977.

Thanks to the responsive amendments by the Congress which were just mentioned, taking it up to $4,000, it has continued to be a valid incentive to achieve the intended purpose.

Ideally, in my opinion, separate legislation should be drafted for the Active Forces designed specifically to satisfy their needs. The same principle applies to fulfill the unique requirements of the Reserve Forces. A separate approach, as Mr. Montgomery suggested, is consistent with the traditional pattern of discrete legislation which Congress has followed in dealing with the dissimilarities between the two components.

In summary, then, the Marine Corps needs a varied range of incentives if we are to continue to grow to complete our wartime requirements. Essential, but by no means exclusive, is an educational assistance program. Such a program now exists.

With the successful Reserve educational assistance program in being, the question naturally arises: Why fix something that isn't broken? If kept current in terms of dollar entitlements, it should meet the need. But it is not clear what additional benefit would be derived by subsuming this existing Reserve incentive into a program designed primarily to restore educational assistance for the Active Forces.

Thank you, Mr. Chairman.

Mr. NICHOLS. Admiral Palmer.

STATEMENT OF REAR ADM. FREDERICK F. PALMER, CHIEF OF NAVAL RESERVE

Admiral PALMER. Yes. I am also very pleased and honored to be able to still be in command of the Naval Reserve and to address your subcommittee this morning.

I agree with the things, the bottom lines, referred to by the two previous witnesses, although my problems are quite different. I don't have a lot of the problems that the combat arms have; I have different problems.

Because my problems are not generally as severe, I haven't used the incentives that you provided to the extent they have. So my answer will be based a little bit more on my personal belief, and an equity point of view, that is to say, if we don't all do the same thing, then I am going to have those problems that I don't have now.

SPECIFICS—QUANTITY

We are right at our man-year average, about a quarter of 1 percent below my man-year average for the year. So I am in good shape people-wise; from a low of 2.5 years ago of 81,000, I am sitting right at the 87,344 mark, give or take a few bodies.

QUALITY

I think we are on the rise. We are doing a better job of matching people with billets. The officers and their billet codes, the specific skills of the officers, are matching better than they did before. In the Navy enlisted codes we are doing a better job, particularly for the Seabees, where we were not doing very well. We are doing very well now in that, 14,000, which is a huge hunk of our Selected Reserve. We, too, plan to grow over the 5-year defense plan years at a measured rate, which will take us to about 98,000 from our present 87,000 over those 5 years. That is our present plan. And I feel that we can do this with quite a lot of confidence.

You asked me how would the GI bill affect recruiting and retention and other things. I think that it would help our recruitment. I can't in good conscience testify that a GI bill is essential for the Naval Reserve.

On the other hand, I was a naval reservist myself for 12 years before I shipped over to Regular, and I did use the GI bill of rights to learn how to become a commercial pilot, and I was in the 50 percent that became commercial pilots before I was recalled to Active duty in Korea and before I went through Navy flight training. Because of that training my Navy flight training took 11 months instead of the normal 18 months. I have also used it to acquire a baccalaureate degree and a master's degree.

So I am a recipient of it. I think lots of people are. Maybe some of you. And it is a very good thing. I feel that it is hard for me to quantify, but I feel very strongly with Mr. Montgomery and I think you, Mr. Chairman, that it is an investment in our country, it is an investment in the educational basis of the country.

I can't tell you how much you get back. I have heard the 3-to-1 ratio before, too. But I think it is essential for us to do this sort of thing.

RETENTION

I like the provision that includes the Reserves. I like the transferability aspect. It would be nifty if I had been able to do that when I was trying to get my sons through college because it was very expensive.

In the Reserve I have a little bit of concern about the 6 years of service completed when we have 4-year programs and so on, because when the people that are not staying on get out they want to go to school right away. Fifty percent of the people that go to college do it right after high school, right then. A great majority of servicemen, when they get out, if they are going to go to college, go right away. That means that for about 2 years they won't be eligible. So I would suggest that that be considered.

On not having officers in there, I don't think, as an officer, you ought to discriminate against officers, and having been an officer for 36 years I can remember vividly various financial problems. So I think officers need the same sort of thing, too. So I think they should be included.

You mentioned one particular program and asked how we were using it. This is one of the benefits that I have not used. This is called the chapter 106 program under title X, educational assistance program of the Selected Reserve incentive program. I haven't used it because I have been manned at or near authorized strength during this period. I have got a different program, that is the Navy nonprior service Selected Reserve accession program, what we call Ready Mariner, which achieves my goals.

So it is a good program. I am not suggesting you stop it. It is just that right now you haven't needed to use it.

You asked for some specifics on high school grads in the Naval Reserve. In fiscal year 1980 we had 68 percent who were high school grads. This year we have 81 percent high school grads. So we are getting better there.

You are asking about mental group IV. In the Naval Reserve, 4 percent in fiscal year 1980. And in fiscal year 1981, 17 percent.

Now, that is a large increase but, as you recall, in 1980, we renormed the armed services vocational aptitude batteries, the ASVAB. So it is apples and oranges. It will probably take another year or so to find out what is going on, but probably that is what we had in 1980, too; and I don't see a change. Any change I see looks like it is an increase in quality, partly because I dropped people out, and that is working very well.

Mr. NICHOLS. Thank you.

STATEMENT OF MAJ. GEN. HERBERT A. TEMPLE, JR., DEPUTY DIRECTOR OF THE ARMY NATIONAL GUARD

General TEMPLE. It is a pleasure to be here today and talk to you about the Army National Guard. In response to your earlier questions, let me go over some vital statistics describing the Guard and what it has been doing.

Today the Army National Guard numbers 386,000 men and women. In 1981 we will bring about 95,000 recruits into the Army National Guard. That is about a 5,000 gain over 1980. That tells us, of course, that we have an effective recruiting program in being within the Army National Guard. Many of the incentive programs which you and your associates have played a role in are paying off for us, so we have an active recruiting program. After all, 386,000 men and women in uniform is a force of great deterrence.

However, wartime-required strength for the Army National Guard is 453,000. That means we have a significant number of men and women to recruit and retain within the Army National Guard in order to prepare it for its wartime missions.

Now, having said that, what I need to clarify is the fact that we are making our programed strength. We are able to recruit effectively based upon the resources that the Congress provided to us. We are not failing in our recruiting program. It is just we have a very long way to go.

We have a net gain which, based upon the loss rate through failure to retain, would tell us that we need some assistance in order to achieve that.

That is where we think the GI bill will be helpful to us, in doing that.

I should add that of those people we are bringing into the Army National Guard, only about 12 percent are in category IV, the lowest category. So we are getting good quality people.

Having said that, category III is where the most significant number of people were recruited and we would like to raise that.

We see that again the GI bill as the vehicle to bring in the quality of person a step up from what we have been getting even though we have not been recruiting at the lower end of the spectrum.

The difference between wartime and peacetime strength, approximately 7,000 net gain, offers us a real challenge.

I might add that 63 percent of our recruits are high school graduates.

Fifty-three percent of the people we recruit are non-prior-service personnel. So what we are saying is that, Mr. Montgomery's bill focuses on providing an additional impetus for high school graduates to join the Army National Guard.

My associates at the table have talked to you about many of the philosophical reasons why the GI bill is beneficial and its relationship not only with its contribution toward resolving the recruiting-retention problem but also its social benefits insofar as the community, the State, and the Nation are concerned.

Those things have all been said. I won't repeat them. Simply, I support what they said. Look at the senior level force of the Army National Guard today and I might tell you that had there not been a GI bill at the conclusion of World War II and Korea, the leadership of the Army National Guard would probably not be here today, leading that force. Many of you in Congress would probably not be where you are. I certainly wouldn't be at this table had it not been for the GI bill.

Looking at myself, I am not certain that is an advantage, but insofar as you and your associates are concerned I can vouch for that.

Well, I think I have covered the questions that you have asked and given you an indication of the value of this program to the Army Guard.

Mr. NICHOLS. General Chambers.

STATEMENT OF BRIG. GEN. WESS P. CHAMBERS, DEPUTY DIRECTOR OF THE AIR NATIONAL GUARD

General CHAMBERS. Mr. Chairman, it is a pleasure for me to appear before you today and discuss the Air National Guard and its roles and the benefits that your committee has provided us and how they have affected our overall strength.

As of today we are authorized 98,083 persons in the Air National Guard. Our strength on board today is 98,085; so we are 2 over strength as of today.

We have had very good success in our recruiting and our retention is also on the upswing due to the incentives that you provided us.

Our wartime strength is authorized at 101,000, so we are about 3,000 short of our wartime strength. With funding support from the Congress, we hope to reach our wartime strength within the next 3 or 4 years.

The one thing that we do find, though, is as we get closer to the 100-percent figure, it becomes much more difficult to recruit in the critical skills in the areas you really need to fill out the combat units. Therefore, programs such as the GI bill would lend incentive to enable us to get the people in the right skills in order to round out the units.

So we strongly endorse the bill on that basis.

As far as the quality of our people, at the present time in the Air National Guard over 85 percent of all our people have high school diplomas.

At present, over 90 percent of our new non-prior-service recruits have high school diplomas.

Mr. NICHOLS. Is that for the 1980 or 1981 years?

General **Chambers**. These figures are based on fiscal year 1981 data.

We in the Air National Guard do not enlist category IV recruits. So we have no category IV recruits at all.

As far as the educational assistance programs that have been in being, I can give you an indication of the increased participation since the amount of money was doubled. In 1980 we had six people in the Air National Guard participating in the educational assistance program. In 1981, due to the increase in funds' participation went to 398, a tremendous increase.

So the assistance that that provides will certainly help us in retaining the people and getting well qualified people in the future.

As far as the officer program is concerned, we support the GI bill for the officers as well. We feel that even though he may have a degree, he needs to further his education.

In addition, in the Air National Guard we do commission a few individuals who come through the ranks in the enlisted program who are in the GI bill program at that time. If we didn't have a GI bill for officers, it might become a detriment to their initiatives for becoming officers. We would like for an individual in that situation to continue his education and get a degree while he is in the officer program.

Thank you.

Mr. **Nichols**. All right. General Wahleithner, you are last, sir.

STATEMENT OF BRIG. GEN. JAMES. C. WAHLEITHNER, DEPUTY TO THE CHIEF OF AIR FORCE RESERVE

General **Wahleithner**. Mr. Chairman, thank you for the opportunity to be here today to talk about the Air Force Reserve and how these educational benefits would apply.

Our recruiting year has been very successful. We have passed our strength by 478 as of today. Our authorized strength for this year was 60,754. As I said, we have passed that by 478 personnel.

In our critical skills, we have done very well, recruiting 3,822 persons into critical skills this year. Our critical skill manning is at 97 percent, the highest we have ever been in the Air Force Reserve. Last year we made 91 percent; the year previous was 85 percent.

We feel that the educational benefits that have been given to us in the form of enlistment benefits, $4,000 over 6 years, maximum of $1,000 a year, as was explained before, has been a very great benefit in bringing people into our critical skills.

Of course, we have applied these educational benefits against critical skills. We do not give them across the board at this point.

Our high school grad recruiting success was 93 percent last year; 93 percent of our accessions had high school diplomas.

We feel that officers should be included in any future bill for the same reasons that General Chambers mentioned.

As the Air National Guard does, we do not recruit mental group IV into the Air Force Reserve.

Mr. **Nichols**. Zero.

General **Wahleithner**. Zero. We feel that in the future we want to be involved in any educational benefits that are made available to the Active Forces. It does, in fact, help our recruiting of young people into the program, and especially the critical skills.

Mr. NICHOLS. All right. Thank you, sir.

We appreciate your testimony.

I just want to, from the Army Reserve, General Temple——

General TEMPLE. Army National Guard, sir.

Mr. NICHOLS. I am sorry. National Guard, nationwide, what is your—what percentage are you at, authorized strength?

General TEMPLE. At the present time we are recruiting to 100 percent of our program strength which, as I pointed out, was approximately 70,000 below wartime strength. We are today, if I am correct, at about 90 percent of our authorized peacetime strength.

Mr. NICHOLS. What area of the country, what State in particular are you lowest in?

General TEMPLE. I regret to tell you the State of California is one. New York has been having some difficulty, but they seem to be turning that around and doing better. Illinois has not been a rose in our garden. Off the top of my head, those come to mind.

Mr. NICHOLS. I wonder if you care to state which State is the highest? You flunked out.

General TEMPLE. Sir, it is the State where Bear Bryant is coach of the State university.

Mr. NICHOLS. I just have one question here. All of you in the Reserve seem to be doing pretty good. This is a point that I have to argue with when I go into conference with the Senate on pay bills and certainly if we come out here with a GI bill we are going to have to argue that. They come back and they say, "Well, they don't have any problem in recruiting; everybody is up to snuff; you are getting all the people you need." They even project figures that have been given to us by the Congressional Budget Office which say that 3 or 4 years down the pike we don't see any shortfalls in recruiting.

So what justification can the Air Force Reserve that has come up here with a perfect record, 100 percent authorized, 100 percent—you haven't turned folks down, you have no category IV's. How can you come in here and justify an additional emolument in the form of a GI bill?

I am just asking: Is it desirable; is it nice to have? How will the GI bill help you in your recruiting program when you already have an A on your report card?

General CHAMBERS. That is very difficult to explain, Mr. Chairman. I might add this as a comment. As I mentioned, we do have other enlistment and reenlistment incentives that are helping us along this line as well as an educational program in being now.

This GI bill as I understand it would substitute for that educational program that is in being. So, therefore, that is why we support the bill from that standpoint.

We would retain an educational assistance program and, therefore, it would allow us to continue to recruit at those levels.

General TEMPLE. May I endeavor to respond to your question?

Mr. NICHOLS. Yes.

I hear those arguments when I sit down over there with the people in the other body.

General Temple. Apparently I failed to focus on the principal problem insofar as strength, and your concern about going to your colleagues and addressing the issue of the Guard and are doing well; yes, we are, by the measurement and standard being used.

If you set it low enough, you can have a 100-percent future season if you are playing Wabash College, even Alabama, and they may not do so well.

Mr. Nichols. Auburn is my school.

General Temple. Even against Auburn, sir. What I am saying is if you put the standard down low enough—and we are dealing in programed strengths—the question is are we going to be able to make wartime strength, that is what our final objective is.

I must tell you we are now at a very difficult point in being able to achieve that. Without meeting wartime strength we are going to continue to face the lack of readiness in the major combat elements of the Army Guard. If you go out and look at our soldiers, which I know you and Mr. Montgomery have—when you talk to them, that is what their problem is; they don't have anyone to fill out the squad or platoon.

It is not that we don't recruit by the program strengths, we are not able to fill the units to the level where they are meeting their readiness objectives.

General Berkman. Mr. Chairman, with respect to the Army Reserve, again we are currently 65,000 below our wartime requirements. Although we have been making progress, and significant progress, we have been making progress as a result of a lot of things, but they do include a wide variety of incentive programs, but even those incentive programs are not applicable to eligible individuals in all units. Only 2,400 units of the some 3,200 in the Army Reserve are eligible for these incentives and also the figures that I indicated with respect to our goal of high school grads and the current level of non-prior-service accessions in category IV I think suggests why an improved and expanded educational assistance program for non-prior-service individuals in the Army Reserve would be of great assistance in ultimately achieving our readiness goals.

Mr. Nichols. What I believe you are saying, if I may express it in the terms of arguments that I hope to use with the Senate on the pay bill, for your E-1's coming in, yes, you are meeting today's authorized strengths, thankfully and hopefully you may meet them for the next 3 years, as CBO has said, but if we are going to upgrade this military, if we are going to put in the MX, you need the very best high school grads you have and you need to further weed out category IV's.

You would like to be able to come here with the report that the Air Force Reserve has zero shortfall. You are not at that point today. So it seems that pay emoluments, including General Montgomery's bill here would give you more flexibility and selectivity in those individuals that are out there to be recruiting; is that about what——

General Berkman. Yes, I think that expresses it well. One other thought I would like to make is that with respect to the Army Reserve, given the nature of the structure, and the nature of the technical kinds of units that exist, there is a requirement for the quality individuals that you are referring to.

Mr. **Nichols**. Mr. Won Pat, do you have questions?

Mr. **Won Pat**. Mr. Chairman, I just want to ask the Admiral: Do we have a Navy Reserve in Guam?

Admiral **Palmer**. No. We have an Active duty Seabee detachment there.

Mr. **Won Pat**. I know we have Army Reserve in Guam.

General **Berkman**. Yes.

Mr. **Won Pat**. And a National Guard?

General **Wahleithner**. And an aerial port unit at Anderson.

Admiral **Palmer**. We have units that drill and go to Guam periodically, about once every 3 years, for training there. And in wartime they would go. The answer is yes, we have units for wartime, but no drilling units there in peacetime.

Mr. **Won Pat**. Thank you. I have no further questions.

Mr. **Nichols**. General Montgomery.

Mr. **Montgomery**. Two points that I didn't make quite clear when I was explaining what we have now for the reservists in educational benefits and what our bill is geared to.

The gentleman from the Air Force Reserve pointed out that under the present law we have that the different chiefs or the different secretaries can aim these educational benefits toward special skills. Under the bill, 3997, mine does not aim it toward the special skills, it is across the board, Mr. Chairman.

I don't have any lock-in on that. We got into talking to different enlisted people in the Regular Forces and they didn't like leaving it up to the secretaries to aim educational benefits at special skills; they felt like it should be across the board.

So that is what I have done in effect on the reservists. As I say, I don't have any strong feelings either way.

Under the proposal I have, Mr. Chairman, I believe I am correct, there is no transferability for the reservists, that a reserve officer could not transfer these benefits to one of his or her children, or they could go on Active duty and then they would be eligible under H.R. 1400. And to your question about—and I understand why you keep asking the question, if we are doing that well. I think we are doing better now recruiting than we have done and part of it on the reservists was just raising that from $2,000 to $4,000. It was tremendous.

That should point out that there must be some merit to talking about educational benefits and this committee certainly should follow up. But as several of our witnesses pointed out, they are doing well, but this is not the combat strength levels that we are seeking.

Quite frankly, the Army is just—still has a lot of problems. How many do you have in reservists that would be eligible that you don't have in the Army Reserve now?

General **Berkman**. How many positions are available?

Mr. **Montgomery**. Yes. How many you haven't filled in your strength levels?

General **Berkman**. Comparing the 221,000 to our wartime strength of 286,000, some 65,000 shortage is the gap we are attempting to close.

Mr. **Montgomery**. You still have 65,000 shortage?

General **Berkman**. Yes, sir.

Mr. **Montgomery**. We had the General Accounting Office to do a study on this bill and they point out in 1988 we are going to have some problems, we are just not going to have that many high school grads. In fact, one out of every three that graduate from high school are going to have to come into the military service to keep up our strength levels, what we have now. That doesn't count adding another 200,000 to the military that the President has talked about.

So I think we are going to have to continue to change our incentives. We weren't doing well a couple of years ago. There is a better feeling in the country now, more patriotism. We are doing a better job on our incentives.

I think we are going to have to continue updating our incentives for the military and even for the reservists or we are going to slide back and have the same problems that we once had.

General Temple, how many infantry battalions and armored tank battalions do you have more than the Regular Army? Are you assigned more of the infantry battalions and tank battalions?

My point is I am trying to show that a lot of the combat, which is good, has been assigned now to the Reserves.

General **Temple**. Yes. Approximately 45 percent of the combat capability of the Army resides in the Army National Guard, which of the Army Reserve components is most oriented toward the combat arms.

We have a significant aviation element. It needs revitalization and needs new young people coming into that force. We have an aging problem with our combat aviators.

As we see it, the GI bill offers an opportunity to bring into the Guard those people who may very well fill our future aviation requirements. Also because of the new complex weapons systems which the Army modernization program will provide to the Guard to enhance its combat capability, the intellectuality of the force will need to be lifted to accommodate modernization.

Mr. **Montgomery**. Can I take 1 additional minute, Mr. Chairman?

Mr. **Nichols**. Yes.

Mr. **Montgomery**. My point is for the record, just a brief answer from the other different chiefs, of how much of the combat support—General, start with you—of the Air Force Reserve that you now have that has been given to the Reserve forces.

General **Wahleithner**. In the Air Force Reserve we have 11 percent of the war-fighting capabilty of the U.S. Air Force. But in certain applications we carry a very high percentage. Strategic airlift, for example, 50 percent of the air crews are in Air Force Reserve. Tactical airlift, 32 percent in the Air Force Reserve. But between the Air Guard and ours, 64 percent of the tactical airlift capability.

You have to take the percentages that we share with the Guard. We say in Air Force Reserve 11 percent of the war-fighting capability. You add to that the Air National Guard and we have a considerable percentage.

Mr. **Montgomery**. We can't get there without the Reserves is what you are saying?

General **Wahleithner**. I feel not.

Mr. **Nichols**. Will the gentleman yield?

Mr. **Montgomery**. Yes.

Mr. **Nichols**. You said 45 percent of the combat forces were Army National Guard?

General **Temple**. Yes.

Mr. **Nichols**. How much reserve would add to that?

General **Berkman**. Fourteen percent of the nondivisional combat and special theater force increment of the Army is in the Army Reserve. And of the tactical support increment, which is the combat support and combat service support organizations required to maintain and sustain the Army, 33 percent of that tactical support increment is in the Army Reserve.

Of the general support forces required upon mobilization, the training base, the garrisons, and medical service support, 25 percent of that requirement is in the Army Reserve.

So the Army Reserve is not a mirror image of the Active Army; indeed, it is an essential part of the total Army to provide the balance that the Army requires.

I would agree that without the Army's Reserve components, Guard and Army Reserve, the Army is not balanced and they need our essential parts of the Total Army.

General **Temple**. It becomes interesting, I think, that when you aggregate the Guard and Reserve of the Army together, they provide 71 percent of the combat effectiveness to the Total Army. That is kind of the figure that we focus in on. Keeping in mind, also, that the reserve forces in today's war plans could very well be deploying before many active component organizations.

General **Chambers**. I would like to add one comment, if I could, from the Air National Guard standpoint. We provide to the Air Force approximately 23 percent of their combat capability; when we associate with the Air Force Reserve we are a little over 33 percent of their capability. However, we are very, very high in some mission areas.

Photo reconnaisance, for example, we are about 57 percent of the Air Force capability; in air defense we are about 60 percent. So we do share very, very heavily in some of those areas.

In the Air National Guard we have seven units assigned to the Rapid Deployment Force. So we have units that are ready to move immediately. Therefore, we must keep our strengths and wartime capabilty up.

Admiral **Palmer**. Fourteen percent of our Navy tactical air is in the Naval Air Reserve. One-third of our maritime patrol, VP, P-30 aircraft are in the Naval Reserve. Sixty-eight percent or 17 out of 25 Seabees are in the Navy Reserve. About 100 percent of our organic airlift is in the Navy Reserves. I can't give you an overall figure.

General **Crist**. Thirty-five percent of the Marine Corps immediately available manpower for any contingencies are in the Reserve; 25 percent of our tactical unit commanders in the combat Marine force are on record as saying they could not go to a major contingency without any Reserve.

Mr. **Nichols**. Mr. Wincup.

Mr. **Wincup**. I just want to ask General Wahleithner, who mentioned that the current educational assistance program is selective to provide in your discretion by skills or whatever basis you choose. But in the Air Force Reserve the way you are using it is to man your critical skill areas, you do, in fact, focus it on the enlisted people to man these skills that you are having trouble enlisting.

General **Wahleithner**. That is true. But I support Mr. Montgomery's position that it be across the board because really we are talking about vacant positions. We consider any area where we have many vacancies to be a critical area. So his proposal would, in fact, take care of that by giving it across the board, and we are recruiting only into vacant positions and his proposal would do that for us.

Mr. **Wincup**. Just to clarify, do you have any vacant positions?

General **Wahleithner**. Yes, sir; about 3 percent of our critical AFSC's are vacant today.

Mr. **Wincup**. How many people are we talking about?

General **Wahleithner**. About 3 percent of 22,000, about 650.

Mr. **Wincup**. Thank you, Mr. Chairman.

Mr. **Nichols**. All right, gentlemen. We appreciate very much your being with us here this morning.

Our next subcommittee meeting is tomorrow at 10 o'clock when we will hear from the Active Forces recruiting officers.

Thank you, gentlemen.

[Whereupon, at 11:45 a.m., the subcommittee recessed, to reconvene at 10 a.m., Thursday, October 1, 1981.]

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
MILITARY PERSONNEL AND COMPENSATION SUBCOMMITTEE,
Washington, D.C., Thursday, October 1, 1981.

The subcommittee met, pursuant to notice at 10 a.m., in room 2212, Rayburn House Office Building, Hon. Bill Nichols (chairman of the subcommittee) presiding.

Mr. NICHOLS. The subcommittee will come to order.

This morning the Subcommittee on Military Personnel and Compensation continues its hearings on a new educational assistance program for the military. Our witnesses this morning will be a recruiter and career counselor from each of the services who can pro vide us with their views as to how such a new program would impact on recruiting and retention. Let me say initially that we appreciate your appearance this morning and we recongnize that you have an extremely difficult task. We commend you for the job you are doing.

I want to start by asking each of you, in turn, to identify yourselves by rank and to tell us how long you have been in the service, how long you have been assigned, either as a recruiter or a career counselor, and the location of your current assignment.

We will begin with the Army.

STATEMENTS OF SFC. CHARLES H. LAWSON, RECRUITER, DES MOINES DISTRICT RECRUITING COMMAND, AND M. SGT. JAMES J. HOGUE, CAREER COUNSELOR, FORT BRAGG, N.C., FOR THE ARMY; M. CHIEF JOHN M. ADAMS, RECRUITER, NAVY RECRUITING COMMAND, WASHINGTON, D.C., AND M. CHIEF WILLIAM R. TRENTHAM, STAFF CAREER COUNSELOR, DESTROYER SQUADRON 10, NORFOLK, VA., FOR THE NAVY; S. SGT. ROBERT M. TAYLOR, RECRUITER, BALTIMORE RECRUITING STATION, AND GNRY. SGT. MARCEL J. DePERSIG, NONCOMMISSIONED OFFICER IN CHARGE OF ENLISTED CAREER PLANNING BRANCH, HEADQUARTERS, MARINE CORPS; T. SGT. TONY CAPUTO, RECRUITER, PEASE AIR FORCE BASE, N.H., AND T. SGT. JOSEPH R. TOWERS, CAREER ADVISER, ANDREWS AIR FORCE BASE, MD., FOR THE AIR FORCE

Sergeant LAWSON. Mr. Chairman, I am Sfc. Charles Lawson. I have been in the Army 12 years. I have 6 years of recruiting experience. I am presently assigned at the Des Moines District Recruiting Command, Des Moines, Iowa.

Sergeant HOGUE. Mr. Chairman, I am M. Sgt. James Hogue, career counselor, Fort Bragg, N.C. I have 20 years in the military service. I have 11 years in recruiting and reenlistment programs.

Chief TRENTHAM. Mr. Chairman, I am Master Chief Trentham. I have just under 20 years in the service active, 3 in the Reserve. I have been in the recruiting and retention business for approximately 10 years. I an currently assigned to Destroyer Squadron 10, Norfolk, Va.

Chief ADAMS. Mr. Chairman, I am Master Chief Adams. I have been in the Navy 24 years. I have been in recruiting 8 years and 2 years assigned over in Arlington in the Recruiting Command, sir.

Sergeant DEPERSIG. Mr. Chairman, I am Gunnery Sergeant DePersig, stationed at Headquarters, Marine Corps, Retention Branch. I have 7½ years in career planning, career counseling, 18½ years' service and 2 years' Reserve recruiting.

Sergeant TAYLOR. My name is S. Sgt. Robert M. Taylor. I have been in the Marine Corps 10 years and 2 months. I am presently assigned to the Recruiting Substation, Hyattsville, Md. My headquarters are Recruiting Station, Baltimore, Md.

Sergeant CAPUTO. I am T. Sgt. Tony Caputo. I have been in the Air Force 18 years. I have 4½ years in Air Force recruiting. I am presently assigned to the Air Force Recruiting Office in Nashua, N.H.

Sergeant TOWERS. Mr. Chairman, I am T. Sgt. Joseph R. Towers. I have been in the Air Force for 14 years, 10 as base career adviser. I am presently assigned as chief base career adviser, Andrews Air Force Base.

Mr. NICHOLS. I am glad to see the services did not send any Johnny-come-latelies up here. All of you have hash marks on yours sleeves and we certainly respect the expertise that we have here in the room. You gentlemen know that Congress is considering reinstating educational assistance program to assist recruiting and possibly retention.

On the recruiting issue, would each of the recruiters offer his opinion as to how it will affect his ability to attract new enlistees who might otherwise go to a postsecondary school if you could offer an educational assistance program for enlistment.

Second, would it help your access to high schools, high school counselors, and parents, if we had such a GI bill as we are talking about?

Third, I would like you to address the issue on bonuses. Do you believe bonuses are more attractive to individuals who score high, that is, categories I through III-A, on the entrance test and who are high school graduates, than an educational program?

I would like you to talk about the upfront money versus a GI bill that is further down the road. With that, let me begin with my branch of the service, the Army.

I say this in all sincerity, gentlemen. You folks ought to know more about this than anybody in the Department of Defense or in the Pentagon because you are out in the grassroots. You see these youngsters, you talk to them. You hear the questions asked. You know whether they are more attracted by bonuses, by pay. You ought to know what sends them to you as a military recruiter.

So, we hope you will be absolutely frank in talking with us about these issues.

Sergeant Lawson, I will entertain your views first.

Sergeant LAWSON. Mr. Chairman, it is the consensus of the Army Recruiting Command that we need to develop a new form of educational assistance and in the form of a GI bill, if possible. We believe that people in the high school, teachers, counselors, and the like, can identify with the GI bill.

A lot of teachers and counselors, and even principals and other officials, in the school got their education through the military, as a result of serving in the military. Parents can identify with the GI bill. The present system we have right now for educational assistance is just a bit too complicated and complex for a lot of people to understand it.

Mr. **Nichols**. Sergeant Hogue.

Sergeant **Hogue**. Mr. Chairman, on the recruiting end of it, I am not that familiar with it because I have been on the counseling end for the last 9 years. I definitely believe that we need the GI bill as far as my end of it, reenlistment, as long as there is not a cutoff point which forces the man to get out of the service.

For example, myself now with a cutoff of 1989, I cannot stay for 30 years' service. I have to get out if I want to take advantage of the GI bill. I believe in order to keep people in, we need to have additional benefits.

For instance, I have heard of a proposal that after the person reenlists the first time, his GI bill benefits would double. This is a good incentive. Then the transferability point at the 10-year mark I feel we need.

As of right now, in the reenlistment end of it, we do not seem to be having too much trouble once we get the man over the 10-year point. The problem is keeping him up to that 10-year point. I believe if we had that transferability at the 10-year point, we would definitely keep the men in if we could have it so they would have to stay on Active duty or on Active duty retired while it was being used.

Mr. **Nichols**. I believe we probably ought to hold all our questions until we get through. Chief Trentham.

Chief **Trentham**. Mr. Chairman, I have been involved in career counseling and retention since early 1974. Prior to that, I was on recruiting. During the time I was on recruiting, certainly the education benefits of the GI bill from Vietnam were a large selling tool for us.

Certainly they opened many high school doors and were a large attraction for recruiting people in the service. I feel sure such a bill will again be most useful to recruiting.

In recent years, I have been involved almost entirely in retention. The most distressing thing that I am dealing with right now is the 1989 cutoff or drop date for the current GI bill. For people who are coming into the 10-year critical decision point, that is one of the large weighting factors in their decision to get out.

I have talked to literally hundreds of people over the years who are reaching that decision point; 10 years is a critical decision point in any event. Then it is in many cases the weight that tips the scale and causes them to get out.

I agree with the sergeant, that once we get them past 10 years, we are in much better shape as far as keeping them in. I think that such a bill should be noncontributory and probably maximum benefits should not be the 6-year point. Of course, Navy is the one most affected by that because we have an awful lot of people, really top-notch people, who enlist for 6 years and if the benefits are maximum at the 6-year point, that is just an even greater incentive for folks to get out.

Chief **Adams**. Mr. Chairman, would it help quality, sir? I think a good valid GI bill, like H.R. 1400, appears to be helpful although I have to take exception to the 6 years. Would it help improve quality? Yes, sir, it is a quality draw. We all have a delayed enlistment pool. One of the ways we use that delayed enlistment pool besides preparing an individual for military service is work them for referrals.

If you believe birds of a feather flock together, and they do, if you have a quality delayed enlistment pool and you are working them for referrals and they are in the upper mental groups, the people they refer to you will probably be in the upper mental group and will have more to offer in trainability for the services.

Would it help access to the high schools or establish better rapport? As far as all the services go, when we hit our high schools or junior colleges or talk to the parents, our biggest sales tool is talking about advanced training in the military and what it will do for their son and daughter to help them become a better person.

This would just be another vehicle. Yes, sir, it helps access to high schools because what you want to talk about is education opportunities, both VA and education opportunities.

In the Navy we have college professors on our large ships that run college courses at sea and overseas. Yes, sir, it would help our access and establish better rapport with the parents.

As far as bonuses for the upper mental groups, I feel in my own personal opinion that bonuses for the upper mental groups, as opposed to the GI bill, are apples and oranges and I will explain why I feel that way.

We have enlistment bonuses for critical skills. Most of the critical skills require a brighter individual to get into the higher technical training, but those skills come and go. Today it might be a fire control technician. Tomorrow it might be a sonar technician.

So, we can tailor our enlistment bonus to the needs of each individual service in a given time period. If we try to tailor a GI bill to an enlistment bonus, we would be penalizing a lot of people not because they are not willing to serve their time in the military but maybe they are not qualified.

For instance, just being color blind. They could be the brightest person in the world, but if they are color blind we will not let them in if they are dealing with electronics. They could kill themselves by grabbing the wrong wire.

I feel we should have an enlistment bonus and a variable enlistment bonus and tailor it to individual needs at a given time. The GI bill should be for everybody who serves, and I do not care what their job is, they ought to have the opportunity to earn that.

Sergeant **DePersig**. Mr. Chairman, after hearing the other service representatives, I have to agree with them as to keeping the GI bill. One, is not to have a cutoff date. At present, I know of too many individuals that we lose from the service based upon the fact that they are going to get out of the service in order to use their GI bill because they are going to lose their eligibility.

We are talking about people who are qualified technicians. Even with the bonus money dangled in front of them, they still are going to get out so that they can use the GI bill.

People say, "Why don't they use the in-service GI bill benefits?" Unfortunately, a lot of job assignments take an individual where he doesn't have the opportunities to utilize his in-service GI bill.

Another point is, when I found out that I was going to be coming to the Hill to testify, I called together a staff meeting of the staff NCO's that presently work for me and additional staff NCO's in the headquarters. I asked them, "What are your feelings? How do you feel about the GI bill as it is today?"

They say, one, "I am going to get out. I am going to transfer to the fleet Reserve or retire, 20 years service, so that I can use my GI bill." Then people say, "I am getting out in 10 years, I am going to get out in 12 years so that I can continue to use my eligibility."

Then they were asked, "If this bill were passed and you could transfer the benefits to your dependents?" "Heck, I will stick around 4 more years, I will stay in 4 more years or 5 years or 6 more years" so that when their child reaches college age they can transfer their benefits to their child so that they can go to school.

There are a lot of us. I, for one, have worked at night for 7 years so that I can build up a fund in order to send my two children to school. If the bill were passed, I could send my daughter and son to college under the proposed GI bill where I could transfer my benefits to them. It would help me. I would not have to work at nights.

Sergeant TAYLOR. I agree with everything that has been said thus far. I do not feel we should have an educational program that is contributory. I think it should be a noncontributory GI bill, like the old one. For one reason, I do not feel a young man or young lady that is coming into the Marine Corps should have to take money out of his or her paycheck to put away for his or her schooling.

The veterans' education assistance program we have now, the 2-for-1 program, is a good program but it is not good enough. It is not as good as the GI bill. I came in the Marine Corps during the Vietnam era. My education benefits expire in 1989. That is well before I retire.

The job I am doing now, I do not have the opportunity to go out and go to night classes or college, but I was a volunteer for recruiting, so I am not complaining in that respect, but just point out the fact I cannot do it. I have to wait for another job assignment so that I can go to college.

As far as the transferability, I also talked to fellow staff NCO's and they felt they would stay somewhat longer in the Marine Corps, possibly to 20, if they felt they could transfer their education benefits to their dependents. As far as the recruiting business is concerned, we do not sell jobs and we do not sell—I am speaking of the Marine Corps technical skills, education programs.

Yes, it is available as a sales tool. When a young man or young lady walks into my office and is interested in joining the Marine Corps, first I want to find out what is in that young person's heart and if the person is going to carry on the Marine tradition.

If that person is interested in getting an education in the Marine Corps, yes, he can do it and we need a better education program for that young individual.

Sergeant CAPUTO. Mr. Chairman, like most of us here, the recruiters, we deal mainly with the 17- and 19-year-old high school senior just recently graduated from high school. This is where our main efforts are applied in recruiting.

To be competitive, I think we have to go into the schools and talk to the counselors, work with the counselors and the counselors' main point of view is education. What can they offer or what can you offer their high school senior, or people who are getting ready to graduate? What can you offer them along with the other things that they have to look at in order to make a career decision?

Every year it gedq harder because we are facing a lot of competition with student loan money available. Industry will pay for people to take college courses if it pertains to their job in civilian industry and they will send them to school and pay for their courses.

A lot of parents I talked to in New Hampshire who have been in the military for one hitch and retired, many of them have gotten their education under the old GI bill and they tell me many, many times. "I would not hesitate to direct my son or daughter toward the military if they had the opportunity to take advantage of the GI bill that I had."

I think this is one of the problems we are facing. I think if we had a different type of GI bill, one that they did not contribute to, it would give us a little bit of an edge, a little more reason to sit down and talk with them and show them where their future could be headed if they are interested in continuing their education.

It is very, very important, we do get a lot of inquiries, and I know I do in New Hampshire, on the GI bill.

Sergeant TOWERS. Mr. Chairman, we do need either a new educational program or we do need to extend the old one. In career counseling, many of us counsel second-term or people on second enlistment and career people approaching their separation date.

We have a lot of ranks, master sergeants, chiefs and seniors who can stay on for longer years past 20. The problem is that with the cutoff date of 1989, a lot of them are getting out. An example is myself. I have retirement at 20 years, I can get out in 1987. However, being a tech sergeant, I can go to 23 years. In order to get the 2-years' education I need from the GI bill, I would have to get out at 20 years to get it.

Therefore, the 3 more years I could be useful to the Air Force I would have to give up in order to get the 2 years to complete my education. I feel my recruiters should have access to the high schools. They should have a good product to pass on to the individal, education being No. 1 in the high school itself.

I do not agree that a bonus should be paid as opposed to an educational benefit. The reason for this is, I am not saying I want to turn us into a mercenary force, but the country would be better off with more educated people than walking around with bonus money in their pockets.

Mr. NICHOLS. The reason we pay bonuses, the reason we have GI bills, is to recruit people and to retain them. That sounds a little harsh, but this is not something that we are doing for the serviceman as we did in World War II; it is not an automatic sort of thing that was available to anybody who served. It is beamed at recruiting and retention.

My question to you is this. I have talked to some recruiters. Here you are at the desk and the door opens and this kid comes in. He may be a high school dropout, he may have just graduated from high school. It may be in February or January before he graduates in May. He wants to talk to you about the services. He may be a boy that has knocked on a lot of doors as a high school graduate and he has not been able to get a job and now he has heard about the Marines needing a few good men, so he knocks on your door.

It has been alleged that some of these type individuals are much more interested in what is up front, what is in it for me, what is your best cash offer, than they are in something that is way out there in the future, like the GI bill.

I have been told that by some recruiters and I would like to have you comment on it. What is this typical young man who walks in interested in? Is he more interested in that upfront money? Is that the thing that moves him?

Sergeant Lawson. Mr. Chairman, I agree with you wholeheartedly. I believe that people are very much interested in what they can get now as opposed to what is down the road.

On the Army side, we do have a problem with recuriting. Speaking of bonuses, I did not get to talk about bonuses when I began talking, but in addition to the new educational program, I would like to see the bonuses kept as a way of trying to procure the upper mental category people for those critical skills identified by the Army as being hard to fill.

I agree wholeheartedly with the fact that people like to see something up front as opposed to what is coming down the road.

Mr. Nichols. Sergeant, I am going to put you on the spot. I am going to ask you on a scale of 1 to 10, where would you put these reenlistment bonuses in trying to sell this man? You have a quota and somebody looking down at you saying, "You make it this month."

He looks like a good man. Where would you put the GI bill vis-a-vis a bonus for enlisting in the infantry or artillery?

Sergeant Lawson. Mr. Chairman, I don't quite understand your question. Where would I put it?

Mr. Nichols. Which of the two is most important?

Sergeant Lawson. I would have to go with the educational program with the clause that would transfer the benefits to dependents. I am due to retire after 20 years in 1989. That is the year the education bill ends. I would like to stay beyond 20 years.

Mr. Nichols. You are talking about what you would like to do. I am taking about this guy who comes in the front door. Mr. Montgomery is the sponsor of this bill. He likes your answer.

Sergeant Lawson. My answer is, I would have to take a noncontributory education program over bonuses at this time.

Mr. Nichols. As for enlisting and getting that man's name on the line?

Sergeant Lawson. Yes, because people will identify with that.

Mr. Hillis. Would you consider as an option in recruiting either a bonus or a half a bonus and education, one or the other but not both?

Sergeant Lawson. Mr. Hillis, in my opinion, and I do not speak for everyone in the recruiting command, but I personally, do not think that would be a good choice. I do not think a person would buy that. I think that people want to know—a lot of questions are asked, Mr. Hillis—why must I contribute or why must I give up something when something has been passed down from generation to generation in the family—a father, an uncle—if all these people had a choice and had a chance to go to school and use the GI bill?

Granted, they are not all veterans of combat, there are a lot of people who served in the Vietnam era who did not serve in combat but did have a chance to take advantage of the GI bill. I don't think a split program like that would be very effective.

Mr. Hillis. I am making it as an option. You say, "You can either have an enlistment bonus or sign up for an education."

Sergeant Lawson. As I stated before, and a couple other people stated also, something in the hand is better than something down the road. We ask the question all the time in the recruiting aspect of it, why don't we have a program that is noncontributory? Why don't we try to change the educational assistance program we have now and try to bring in something that is similar to the GI bill?

Mr. Mitchell. I would like to have those of you who have done counseling, along with recruiting, respond. Do you think a GI bill would help more with recruiting or more with retention? Or is it about equall beneficial in both aspects?

Sergeant DePersig. I would like to address that question. I think both sides would benefit. One, it would be a selling tool for the recruiting service. It also would be a very strong and a very effective retention tool. There are a lot of people who plan on making the military a career the first day they walk in. If they know they have something they can pass on to their dependents, then they will do it and they will stay. They will stay beyond 20 years.

There are a lot of individuals who would stay 30 years if they knew they could have something they could hand down to their children is the benefit of an education, then why not give it to them? I think both of them are good benefits.

Chief Trentham. Mr. Mitchell, having had experience in both, I wold have a very difficult time saying one would benefit more than the other. I really think that both recruiting and retention would benefit immensely.

I do not think that the GI bill for education or a bonus, either one of these, is in itself a total deciding factor in an individual's decision to either enlist or reenlist, but they certainly are very powerful tools, very heavy weighing factors. Having been in both of them, I have used both of them extensively.

Mr. Mitchell. Let me ask about transferability. You know the cost to include transferability in the program increases the total package by somewhere between 30 and 40 percent. It is an expensive option. We may have to have something like transferability or people would get out to use it or lose it. They would get out so that they could take advantage of it.

How about some kind of paycheck option in lieu of transferability? Let us say that a person doesn't want to have a family, he wants to get out after 20 years, he doesn't want to go to college. He would like to start a business. Maybe he is an excellent marksman. He wants to run a sporting goods store.

Should he be able to take a hunk of the money that it would cost the Government to educate him so that he could have a nest egg for that business? Does the paycheck provision make any sense? Would it be attractrive to many people or just a handful?

Chief ADAMS. Mr. Mitchell, this is an educational opportunity. It is not a nest egg. I, as a taxpayer, would not like hanging over my head for some indeterminate period of time that anybody could go out and grab 60 percent of the so-called educational benefits. As a taxpayer, I feel it is unfair.

This is an educational opportunity. It is not, "Here are your bucks, you go out and buy your Treasury certificate and get 17 percent on it.

Mr. MITCHELL. How about the people you deal with every day? Are many of them interested in paycheck versus education? Or is education by far the overriding attraction?

Chief ADAMS. Education is the overriding attraction, sir. Everybody wants a free lunch. You would not find anybody who would turn it down.

Mr. MITCHELL. Thank you. Thank you, Mr. Chairman.

Mr. NICHOLS. Mr. Hillis.

Mr. HILLIS. Thank you, Mr. Chairman.

Chief ADAMS. I am very much interested in your last answer because cost is a major factor in this program. We are coming to a time when we are trying to do a lot of things, provide a 600-ship Navy, procure F-18's. You can point to system after system in the Marine Corps, Army, and Air Force. So money is very, very important here.

In the transferability area, would it be available to those who are in service today on a contribution basis? Not like the VEAP program, but if you want transferability, you do contribute something and then perhaps the government will put in $4 or $5 for each dollar you put in—20 percent contribution by the service person versus 80 percent by the Government. This gets away from the idea that you are giving something to everyone, but you are making it available to those to whom it is a big incentive.

What would be your idea in this area? Does it have to be 100-percent funded, or could it be more selective where you aim at those to whom it makes a big difference, such as the sergeant next to you who works at night, to have that money available?

Chief ADAMS. Mr. Hillis, I feel that probably all of us with children would be willing to contribute a small portion if we had that opportunity. However, the Department of Education gives grants to people who have never been in the service. Educational grants are given all over the country. We know that.

Maybe that individual never served, maybe nobody in the family ever served. Quite frankly, yes, sir, I would be willing to contribute a little bit for the transferability. But I also would have a little heartburn knowing that somebody else got an educational grant to go to college and did not have to contribute anything.

Mr. **Hillis**. That is a very good answer. Any other comments?

Sergeant **DePersig**. One thing just came to mind. The master chief was talking about people getting grants and so on. The student loan program has been in effect for years. Mr. Mitchell asked about a payback and Mr. Hillis was also referring to that as far as paying back.

The only thing I can think of is what about the people who got student loans and still owe the Government money? They have never paid it back and never spent time in the service. They gave up nothing. They received a benefit and did not have to give up anything to get it.

In my personal opinion, I do not see why we have to contribute anything other than spending our time in the service faithfully and honorably, laying our life on the line for this country, being moved every 2 or 3 years, pulling our kids out of school in midyear and transferring them to another school.

We have put up with a lot of hardships and these people have not. They have sat out there, they have gotten their education and they have not paid anything back. In my opinion, I don't think it is fair.

Chief **Trentham**. Mr. Hillis, my feeling is, dealing with sailors as I do, the mentality of them, I believe they would be resentful, it might be a negative factor if they had to contribute. I think it would be more beneficial if you were to say, you can transfer 75 percent to your dependents rather than transferring total entitlement and the individual paying 25 percent.

In other words, no contribution but perhaps a reduced amount would avoid some bitterness on the part of the individual. It is sort of a psychological thing, I suppose.

Mr. **Hillis**. Any other comments? Thank you, Mr. Chairman.

Mr. **Nichols**. Mr. Montgomery.

Mr. **Montgomery**. Thank you, Mr. Chairman.

Talking about what the gunnery sergeant mentioned, we were penciling out in 1983 the educational loans and grants and work studies through the educational department. They are going to pay out over $5 billion in 1983 even after the cuts we have implemented.

This bill we are talking about by 1994 would cost the Government only $1.4 billion. In fact, what we have now, with these civilian students, we have a GI bill and no obligation. These gentlemen see the problem. Of course, they are out there working against it.

Mr. Chairman, you have always said that the chiefs and the NCO's run the military. I feel good to see how neat these noncommissioned officers are here today and how well they have handled themselves before this committee. It gives you confidence in the military.

I agree with what you have said many times. I do not really have strong feelings on it but believe the committee ought to know the background. It has been mentioned over and over that by 1989 when the time of the GI educational bill for Vietnam runs out, there is strong feeling in the regular military that that should be extended so that we can actually keep our noncommissioned officers and others in the service and give them a chance to get the benefits.

That would come under the committee that I chair, the House Veterans' Affairs Committee. The problem we have on our committee is that we have had 6 million Vietnam veterans who have used the GI bill. We still have about 3 million that have not. So, we are talking about a really expensive program and we still hear from people in the service that want to get the benefits extended. So, we are talking about a lot of money.

The problem that will confront our committee is that the veterans' organizations will come in and say, "OK, you extend the GI bill and you are going to take some moneys away from the hospitals, away from pension and compensation." So, it kind of boils down to this.

If we could come up with a new GI bill, like H.R. 1400 it would just about catch all of the military who are talking about extending after 1989. We would catch them and we would still have that transferability in our new bill and you would actually be better off under H.R. 1400 than you would be under the old GI educational bill.

I just make that point. There is some merit to following this bill through.

You all work with high school counselors. I was talking to Mr. Wincup about trying to get high school counselors out of the private or public schools to testify. Do you get cooperation from them or do they work against getting kids into the military? I see you grinning.

Mr. Nichols. If the gentleman will yield just a minute, that is a question I had on my agenda. If I might just elaborate on the question. Are you finding it easier to get into high schools than you did 3 years ago or 4 years ago? Will you comment on that?

Chief Adams. Mr. Chairman, 43 percent of the high schools give us limited access. By limited access, maybe they have one career day a year that we can come in to their campus and talk to their students. The rest of the time we cannot get on the campus.

This is our public school system. Three percent do not ever let us on campus, ever. That is our public school system where we are trying to recruit. Sometimes States will pass laws or acts where they allow us, if they let a college recruiter or bank or county sheriff come in to recruit, they have to let us do it at the same time. There is individual rapport in individual schools.

I had a high school when I was stationed out in El Centro where the counselor was so pro-Navy and personable, that when I was kind of feeling down, I liked to visit him because he pumped me up. He was cooperative. I had a hunch he was an Air Force veteran. He even put his own son in the Air Force. That was No. 1 in his heart and I appreciated that.

So, it is all spectrum. It is very conceivable spectrum you can imagine. It is up to you, the recruiter, to establish some kind of working rapport with the counselor, keeping in mind the counselor is nothing more than, quite honestly, a conduit to get me to his students so that I can talk to them and explain what opportunities I have or the Air Force recruiters or the Army.

It depends on where you go as to whether you have problems, if you have a high school assigned to you that says you won't come on campus. I have heard there is a high school in Riverside, Calif., where they do not let the recruiters come on campus but that is for your physical well-being. It is a rough school. They do not have anything against recruiters. They feel it would be a lot safer.

I thought I would share with you that 43 percent of our schools do not even give us directory information which costs us more money because we have to go out and hit the ring salesman or buy an ad in the annual so that we can get the annual and get the names and get a criss-cross directory to get the phone numbers so that we can call Johnny and Judy and all that.

Each school is different. That is my experience, sir.

Sergeant LAWSON. Mr. Chairman, I have had some unfortunate experiences in high schools. I agree with Master Chief Adams. The fact is, we are trapped in trying to get access to the schools. We need to get the school tests and Armed Forces Vocational Aptitude Battery. We need to get information which is not against the Privacy Act.

Everybody wants to build an Army but nobody wants to contribute. It's like the old saying, everybody wants to go to heaven but nobody wants to die. If we want to get the upper mental category people we want, we need the same access as everybody else in the school system.

A lot of educators would not be sitting in the seat they are in, had it not been for some service in the military and the GI bill. We do not have access to the high schools. We are looked down on as something, I don't know what, but we need something done about it.

Nobody wants to contribute. So, we have to use all the resources we have available to obtain a list and use just a constant sales presentation to try to get access to the schools.

Sergeant TAYLOR. Mr. Chairman, I feel basically the same way as the other recruiters have said about the school system. I am a recruiter in northern Prince Georges County. I cover some parts of Montgomery County. Their policies are that the only time we are allowed in there is when they have a career day and that is only once a year.

They do not want to give the institutional aspect because they feel that recruiters are going to be bugging kids during the school year. We inform them all they have to do is enter a date on the application for the ASVAB that they do not want the kids called until after graduation, which is fine with us.

All we want to do is have them tested to point out the qualified individuals in that school and possibly set up an appointment with them at a later date to discuss their opportunities in the Marine Corps. The only time we get real good access is if the recruiter knows someone personally in the school and he gets a good rapport with that individual, then we get good access.

As far as on a regular day-to-day basis or even a weekly basis or monthly basis, no, sir, we do not have good access to the schools.

Sergeant CAPUTO. Mr. Chairman, in dealing with counselors, one of the things they are concerned about is that in giving the armed services test a student puts down what his plans are for the future, indicating the military or whether he is going to continue his education either at a 4- or a 2-year school, whether he plans to work or whether he is undecided.

I have been pretty fortunate in the schools in New Hampshire. The counselors have been very receptive in most cases. What they are concerned about is that they feel a lot of times that we are after the collegebound students who have the excellent marks, who have the money to go to college; and they feel we are going to attempt to talk these young people out of going to school.

All we ask of the counselors is that we have an opportunity to talk to that percentage of people who want to continue their education but do not have the money or resources to go to college or who are interested in technical training where these eductional benefits would help them, along with the training that all our services could provide for them.

We as recruiters and counselors have to get together and lay out both our options where we are coming from, because they are looking at how many people they are going to place in higher education and because we have schools that are private-tuition schools where parents are paying money for their sons or daughters to complete high school, and if they are paying money for them to complete high school they are also looking for them to go on to college.

A lot of times these schools have dictated to the counselors that your main objective is to send people on to higher education and not into the military service. Again, it boils down to going in with the GI bill, a new GI bill, that you are working on. If we can have something more viable to offer these counselors and parents, then we have a better opportunity to deal with them on an equal basis.

Mr. NICHOLS. Gentlemen, we are going to have to recess for 10 minutes to answer this vote. We will be right back.

[Brief recess.]

Mr. NICHOLS. Gentlemen, let us come to order.

Mr. Montgomery, I believe you had one other question?

Mr. MONTGOMERY. Yes, Mr. Chairman.

Mr. NICHOLS. Before you ask that question, and while we are still on the same topic, I am disappointed, disillusioned, that nobody has said it is getting any easier at the high school level. I have been under the impression that the further we get away from the Vietnam image we have a better image of the military per se by the general public. Yet nobody has said it is any easier out there as far as getting into these high schools. Are there any comments?

Sergeant CAPUTO. Yes, Mr. Chairman. Speaking for my area that I recruit in, the amount of prestige that is associated with the military has gone up. I agree with that.

We are not looked down upon, as we were maybe 5 or 8 or 10 years ago. The reason I think it is not getting any easier is that the number of high school seniors that we have to work with every year is lowering as far as the number of male and female seniors. It is proving that every year the student population is dropping.

This is one of the things that does not make it any easier. I think it goes along with the other point of the student loan availability and so on. All these facts put together do not make it any easier. Although we have been successful currently, I think what we have to look for down the road, what we are going to do to combat the negative effects we will be facing within the next few years as far as being able to offer a GI type of bill.

Mr. **Montgomery**. On education benefits, we have the VEAP program which is being extended under the law; it will be carried on for another year. Then we have the three test programs for educational benefits.

As I understand it, those three test programs expired yesterday.

My question to you is, would you be better off if we came in with a noncontributory GI education bill and just had one bill for you to work with out there, and did not have the test? And have any of you really tried the test programs and tried to implement them?

Sergeant Towers, we will start off with you.

Sergeant **Towers**. Mr. Montgomery, at Andrews Air Force Base we just completed the educational assistance test program. There was a total of three people eligible. Two of the people took the test program and another person was scheduled to reenlist prior to the expiration of the date. However, the selective reenlistment bonus was increased on October 1. Based on that fact, he declined and wanted cash in hand.

The VEAP program—again my opinion, and this is based on the people we counsel daily—is a disaster; it is not used that much, and one more year's extension is going to do nothing for the program.

Chief **Trentham**. Mr. Montgomery, I only have one individual in my squadron of 17 ships that I know of for certain who reenlisted and took advantage of the test program. It was a very small number of people who were even eligible. He was most enthusiastic about it. He did receive an SRB in addition to that. He gave up his old Vietnam-era GI bill to participate in the test program.

I would like to point out that my responsibility in squadron 10 is retention. My commodore is not satisfied with my efforts until I retain every qualified individual. I am not going to be able to do that, but I have to try.

In regard to a GI bill, this may sound a little cold, but I regard that as a retention tool. I am not concerned about whether or not it is a reward for faithful service to your country but I have to regard it as a tool for retention.

I believe a bill that would be available for some period of time, perhaps 5 to 10 years, to an individual after separation would help me in my efforts to retain people at the 10-year decision point and at the 20-year decision point.

VEAP has not had high participation, in my experience. I can only recall one individual again who fully participated in VEAP. The fact that they have to contribute, they just won't do it. They just don't like to give up the money.

Chief **Adams**. Mr. Montgomery, yes, sir, I really believe we only need one. That test program that we participated in 14 areas around the country, you had one area that was giving everything away—if you reenlist, 60 percent reimbursement—and they were bordering a district that didn't give anything away. If I was recruiting in that district and if I were going to put my son in, I would not enlist him in my district; I would send him next door.

There were all kinds of things going on. We only had 2 weeks' notice. It took 6 months to get the word to everybody. It was a mess.

I respectfully submit we only need one. We don't need four or five different ones scattered throughout.

Sergeant **Hogue**. Mr. Montgomery, on the test program, as large as Fort Bragg is, we reenlist approximately 250 to 300 people a month. When the test program was going on, I believe we had three to four people reenlist for this program. To me, this was a very low number.

The biggest thing in it was that the people did not want to contribute to the program. That is the reason I believe, in the retention end of it we need the GI bill; we need it with the transferability, but we also need it to where it will keep that guy past the 10-year mark. That is as I have said, the critical cutoff because once we get him past 10 years, most of the time he will stay beyond that.

As far as the test program, no, I don't believe it did work.

Sergeant **DePersig**. Mr. Montgomery, I would like to add to the comments in regard to the test program. In one given month we had a total of 1,573 reenlistments, and with the implementation of the test program we did not have one man in the Marine Corps reenlist or participate in the test program.

Mr. **Nichols**. In the entire corps?

Sergeant **DePersig**. In the entire corps, not one.

Mr. **Nichols**. Mr. Hunter.

Mr. **Hunter**. I have no questions, Mr. Chairman. Thank you.

Mr. **Nichols**. Mr. Wincup.

Mr. **Wincup**. Yes, sir.

Mr. Chairman, one of the reasons why the educational assistance program is being considered is recruiting difficulties. They don't exist this year. In fact, in 1981, according to statistics, no service has any recruiting difficulties. The Army is up from 50 percent high school graduates to over 70 percent. Category IV was 50 percent last year, 30 percent this year. All the other services have done very well.

Can you tell me what happened? Last year was not great but this year is a banner year. Can you give us any idea what has happened out there that has made things better?

Chief **Adams**. For the Navy, you gave us enough recruiters to write enough cantracts to make goal. Also, I tell you on the surface the Navy is doing well, but we are in the worst position of all the services because we ate into our delayed enlistment pool this year. We didn't build it; we reduced it.

The Air Force has a 40-percent pool and they can fluctuate with changing goals and all that. We are down to less than 25 percent and we ate into it.

So, in the future everything is not rosy on the horizon. I think this GI bill that you are proposing is very important for it to hit the streets now, because in 1985 when the male population really takes a slump, you know, you have to start marketing it now, so that everybody becomes aware of it throughout the country.

We look like we are doing well now. We are. We did make goal, and that is because you manned us with recruiters that we needed to make goal, but we ate into our delayed enlistment pool.

The Navy is probably doing worse than any of the other services.

Sergeant **Taylor**. Mr. Wincup, as far as the Marine Corps, the Marine Corps had a big push to put a lot of recruiters on the street because they knew the QMA [qualified military available] was slipping every year. So they figured if you put more recruiters on the street we could beat the bush better and dig out these qualified people.

When we are told we will make mission, we are going to make mission. that is why it got done, sir.

Mr. WINCUP. I assume you are told that every year?

Sergeant TAYLOR. Yes, sir. We had the cream of the crop out here on independent duty. The Marine Corps has trained a very professional and elite staff in the corps and put them on recruiting. You really have to go through a tight screening process to become a Marine recruiter. I am not blowing my own bugle but the cream of the crop is on recruiting duty. The Marine staff and drill ranks are hurting back in the Fleet Marine Force because of that.

Mr. WINCUP. Do I hear you say that it is recruiters and not pay, not the changing perception of the country, that has helped recruiting, but the number of recruiters on the street?

Sergeant TAYLOR. That is my opinion, sir. Also the attitude of the younger generation nowadays. I can see a bit of a turnaround in it.

The only problem that we have is the quality of education that they are getting. The kids graduating out of high school today are having a lot of problems passing the ASVAB test. When the new ASVAB test came out October 1 last year and we were cut off from category IV's, that was a big factor on making mission.

Another thing, if a young man or young lady walks in my office and says, "I am a high school graduate, I have 2 years of community college," my next question is, "Well, can you read?" They can't even pass the screening test, sir, and that is a very high percentage, and these are people with 2 years of college.

Sergeant LAWSON. Right now, as of the 1st of October, with the victory we had in fiscal 1981, the district I am currently assigned to is enjoying a winning year for the first time since 1969. I agree with the rest of the recruiters, I don't think it has anything to do with the change in the people's attitude or the economy; it is that we have more recruiters out who use the Department of the Army selection to get a lot of people to join the volunteers already in the field. Our strength is up; our training is up; we have more training probably than any other organization. We are geared to sales techniques. We know we have to get out there and sell the Army to get more people.

In order to do that, we have to have more people in the recruiting force. I attribute the success of the Army's recruiting to the number of recruiters we have and the well-trained people getting out and telling the story to more people.

Mr. WINCUP. If there were *x* million dollars available to try to help recruiting, are you suggesting we should provide more recruiters and an educational program, or bonuses?

Sergeant LAWSON. No, sir; I am not advocating that at all.

Mr. WINCUP. Thank you, Mr. Chairman.

Mr. NICHOLS. If the gentleman will yield, that kind of blows it with us, because we Congressmen like to pat ourselves on the back and say all these good things that have come our way the last year as far as everybody making their quotas have really come about because we increased the quarters allowance, we increased the pay by 11.7 percent last year, and we increased flight pay.

The testimony I am hearing is, "Well, we really reached these goals simply because we had more people out there on the streets knocking on more doors."

Chief ADAMS. Mr. Chairman, if I may, sir, recruiters have the biggest impact. This year in the Navy we put in 12,000 prior-service veterans and I certainly would not want to leave you with the opinion that it is a bad package; it is sea pay, sub pay, the pay raise last year which have had a tremendous impact on retention. The career counselor is trying to save all he can. If they get away from him, I want him to give me their name and address so I can still put them back in the Navy.

It has had a significant impact and we probably sold you short by not addressing that. It has had a big impact; and the patriotism in the country has helped to make it easier.

Mr. NICHOLS. I want to follow up on that a little bit. We are in a hassle with the Senate at this moment on the pay bill. As you know, this committee and the House recommended 14.3 percent across the board. The Senate in their wisdom has elected to target it from 7 percent for an E-1 on up to 22 percent for an E-9.

One argument that we are running into, a strong argument that they are making, is that, as Mr. Wincup has said, we don't have any problems. The bluesuits are turning people away. The people came in yesterday and said category IV's? No way; they weren't taking any category IV's. They say there is no problem now.

CBO has stated that there will be no problem in the immediate future, talking about the next 5 years. That is the Congressional Budget Office. If that is true, yet you all come here before us and say we need the GI bill.

How can I sell that to my counterparts over there? What is your argument for saying that we have to have a GI bill in light of the fact that you are doing well and everybody is expected to do well in the next 5 years?

Sergeant LAWSON. Mr. Chairman, as I stated before, our strength is up in the recruiting force, but we are not without our problems. Personally, I don't think that we need the number of recruiters we have because we are selecting people through the Department of the Army. They are coming out and filing bankruptcy because they cannot cut it out there. Expenses are too high. So we are not without our problems.

Good soldiers believe in one thing: You give me a job to do and I will do it to the best of my ability. Our strength is up. We are making numbers but we are not without our personal hardships.

Yes, I have to say, again, we do need to bring in a new education program that is not contributory. Perhaps that will decrease the number of recruiters we need. We can get the number of recruits we need and not through DA selection, so there is less hardship in the recruiting force.

Sergeant CAPUTO. As far as recruiting goes, the Air Force is looking, from my understanding, to increase its percentage of high school graduates, diploma graduates, up to 93, 95 percent in the foreseeable future. The GI bill is going to enable the Air Force, hopefully to meet these goals of this high percentage of high school graduates.

The qualification test scores in the different mental categories, the high school graduates will meet for us. I think we have looked at some of the people who have come in the Air Force who are not high school graduates. We are looking at attrition rates. They are not making it through basic training or through technical schools, and in the long run we have lost money that way.

Again, I don't know what is the future outlook, how everybody else is looking at the 5-year rosy outlook you have predicted. Was it CBO who said——

Mr. **Nichols.** Congressional Budget Office.

Sergeant **Caputo.** Even though these predictions are out there, the way we have been recruiting now, I think it goes back to the GI bill and the recruiter incentives that we have received out in the field that have made production a lot easier for us.

I think recruiters had more of an incentive to work long hours and say, "Maybe I am getting a little bit of reward for my long hours." Everything has helped us. I think that is one reason why we have been successful.

Looking down the road, looking at the student population figures and things we have to compete with, I think the GI bill will be the most important.

Chief **Adams.** One thing about why we should have a GI bill: We want quality people in our Armed Forces—quality individuals. In the Navy we recruit very heavily for the 6-year programs—fantastic training. Anybody who is in those programs—and I think we are bringing in about 13,000 or 14,000 a year—those people can go to any college in this country and do very well, and most of the time they choose not to because they cannot afford it.

We in the military can provide a vehicle where we can provide vocational training and allow them to meet their future desire to continue their education. I think that is what a GI bill does for us. Let us build quality Armed Forces. That is why we need a GI bill.

Mr. **Nichols.** Mrs. Byron.

Mrs. **Byron.** I have a couple of questions. Let me touch on a couple of things.

I think you must have been doing something right, because I know our office for the first time has been inundated with people calling who said they have gone down to the recruiting office, they have signed up, "Why has it taken them so long to call?"

I think we have a backlog, which is the first time that I have been able to see that, and I think that is good. So it shows that you are getting the volume through the recruiting office; you have people who are concerned enough about wanting to serve that they take the time to find out what is taking so long on the paperwork, why do they have to wait 6 months, 8 months, to get in. They have a job and they want to quit this job and get on with their career.

So, I think that is a good, positive thrust.

Let me ask you, do you see among the four different services a difference in the emphasis on educational benefits, or would you say across the board all four services have about the same percentage of interest in educational benefits? Is one service more concerned or are the educational benefits more important to one service than the other?

Chief **Adams**. Mrs. Byron, we all compete against one another to try and explain to the applicant why our particular in-service educational programs are better. As a matter of fact, in my personal opinion I think the Air Force whipped us all when they came out with "Community College of the Air Force." We all have the same program, but everybody in this country knows what Community College means. I think that was a smooth PR move.

We all do compete against one another. We all have similar in-service programs. We take civilian education, military education, put you in touch with a junior college counselor, see that you receive credits for your training, and we encourage people to participate in in-service education.

In the Navy we actually put a professor on large ships; we send them to sea and we have college classes at sea.

Mrs. **Byron**. We just heard testimony that the Air Force is going for 84 percent high school graduates.

Sergeant **Caputo**. I believe it is 93, 94 percent.

Mrs. **Byron**. The Army's percentage of high school graduates is a little lower.

Do you find that after you have had somebody in the service on their first tour of duty that the educational benefits become an important aspect of their service, percentage-wise, larger than any of the other services?

Sergeant **Lawson**. Especially on that first tour, we talk about education. When we are interviewing the applicant prior to joining the Army, we stress how important education is in the society we live in today. We like to think everybody should have an equal opportunity to further his education beyond high school or beyond whatever level he left school. Especially in the first term I think it is very critical.

Mrs. **Bryon**. Are you finding that the people who do not have the high school education when they go in, because of the fact that they can see the shortfalls in not having the education, are then much more receptive to the educational benefits?

Sergeant **Lawson**. I have to agree with that. I think the Army makes a mistake when they look at a non-high-school graduate applicant not knowing why that person left school. It could be for a number of reasons.

Mrs. **Byron**. There are a lost of factors that enter into the decision to drop out from school?

Sergeant **Lawson**. Right. You can take a person who because of financial difficulties only had a chance to finish 9th grade or you can take a person who graduated from high school in mental category IV referred to us, which is the lowest category eligible for enlistment. We have people who drop out of high school—non-high-school upper mentality category scores—but they are not afforded the opportunity to join the service.

Mrs. **Byron**. Does the Marine Corps have any views on that issue in comparison to the other services? We would appreciate your input on usage of the educational benefits.

Sergeant **Taylor**. As far as the Marine Corps, a non-high-school graduate must get his GED or high school diploma before he is eligible to reenlist in the Marine Corps. If he does not get it, he is put out.

Mrs. BYRON. Do you find more of them going into the junior college program or basic college program?

Sergeant TAYLOR. Are you referring to high school graduates?

Mrs. BYRON. Once they receive their high school equivalency, are you finding that, as they go on in their career, they are utilizing the education benefits?

Sergeant TAYLOR. Yes, ma'am, definitely.

Mrs. BYRON. You were talking about the difficulty of getting into high schools as recruiters. I am sure this has probably been tried, but do you have much support from those individuals whom you recruited, say, last year, when they are home on leave, going back into the school, talking to the people who were juniors when they were seniors? Is that a good recruiting tool?

Sergeant CAPUTO. Yes, ma'am. I believe in all the services; we have what we call our hometown recruiter program. They just differ in details. It is a big help. One thing we explain to the counselors and we put in news releases in the newspapers is that we feel that probably a young person just coming out of basic training or technical school who only has been in one of the services 5 or 6 months—he has just gone through an experience that he can relate to these people. They are more apt to listen to somebody of their own peerage, their own age group, whom they know, whom they either played basketball with or who has been in the same club.

It is a good program for us. It helps us break the ice in the school, because they know our job is to procure people for our branch of the service. It is a good program. It helps.

Mrs. BYRON. Did you have something you wanted to add on that?

Sergeant LAWSON. Mrs. Byron, you said basically what I was going to say. We have a hometown aid program. We try to utilize people who come back, who graduated the previous year, because they can talk about their first-hand experience, what the Army is like. If we utilize them properly, they are a great asset.

Chief TRENTHAM. If I may for a moment address the interest in education once they are in the service, my experience as a career counselor and also educational services contact, is that they have a tremendous amount of interest in advancing their education. We do in the Navy everything we can to provide an opportunity; however, most frequently there is not enough time for an individual to take advantage of educational benefits in service.

Sergeant TOWERS. Mrs. Byron, as a career adviser, once the recruiter gets the people onboard, it is our job to at least try to keep them onboard. We need something—a good viable product—in order to do that. So, if we don't have a good educational program, which a lot of my first, second and career people want, all we are going to do is turn around 4 years later and have to go through the whole process of retraining, with the extra cost.

Mr. MONTGOMERY. Mr. Chairman, I think we ought to touch on this subject. For the branches that are represented here today, do you also do the Reserve recruiting for your branches of services?

Chief ADAMS. Mr. Montgomery, I can't speak for the other services. In the Navy, we recruit for non-prior-service entry into the Reserve. After they have done their Active duty there are Reserve recruiters who recruit for Selected Reserves as a weekend driller.

If we come in contact with them, we want to put them back in the Navy on Active duty. The Reserves have their own side of the house in the Navy.

Mr. **Montgomery**. I know in the National Guard they have their own recruiters, both the Air Guard and the Army Guard. What I am getting around to is that we have introduced another bill, H.R. 3997, that covers educational benefits for reservists. Are you familiar with that?

Sergeant **Caputo**. No, sir; I am not. We have our own Reserve and National Guard recruiters. Basically, all we do is a referral type of service to the Reserve or Guard after we have the person take the initial test, and their own recruiters take over there, sir.

Sergeant **Lawson**. Mr. Montgomery, in the Army in 1978 we merged as one recruiting command over regular Army and Reserve. In the recruiting stations in the field we currently have Reserve recruiters who work hand in hand and do basically the same thing.

We do a referral system a lot. As far as mission assignment, the mission is assigned Regular Army and Reserve, so we do recruiting in both.

Mr. **Montgomery**. You know, in effect, the way we have drawn up the educational benefits for the reservists; it is almost an old GI education bill, in that we have $1,000 for fees, books, and tuition, $1,000 and in any 12-month period up to a maximum of $4,000.

It used to be $2,000. This committee changed it and it is in the law now. The witnesses we had yesterday from the different services said that has increased the educational benefits in the Reserve as much as 130 percent, or so General Bergman from the Army told us.

Now, if we were to amend this H.R. 1400 to change from $4,000 but require you to sign up for 6 years in the Selected Reserve—that is the way it is drawn up now, Selected Reserve—the benefit would be $140 a month to a maximum of 36 months. You would have to sign up for 6 years, but it would average out about $1,000 more than under the $4,000 reserve education benefit that we now have.

Do you have any knowledge of that? Are you working and trying to get reservists into the Reserve—because that is where we have a lot of our recruiting problems—especially in the Army?

Sergeant **Towers**. Mr. Montgomery, as career advisers, again, we have a dual purpose in the Air Force. Our main function is to try to keep them onboard, active. Once we have made a determination that an individual does not want to stay on active duty, then we try to get him in the Air Force Reserve or another component.

If the Air Force base has a National Guard recruiter, National Guard or Reserve, we refer him to them for counseling. If not, the career adviser of that particular base will act as a Reserve recruiter for the National Guard. Again, an education program would be a good selling tool for that also.

Chief **Adams**. Part of our goal is to recruit for the Reserves. As a matter of fact, we have one program which is just boot camp and school, and then it is drilling reservists. It is all active duty for training. None of it is active-duty time. I would feel it would help at some reduced rate to be able to offer some kind of GI bill to the

Selected Reserve. I am sure that Army would back that at some reduced rate.

I would not have any idea what the correct figures would be, sir, but I think it would help us.

Mr. MONTGOMERY. Are any of you using for recruiting or for retention the educational benefits that we have in place for Reserves now? Do you work much in that area?

Sergeant TAYLOR. The Marine Corps recruits for the Reserve, Selected Marine Corps Reserve. Normally when a kid comes in he wants to go in the Reserve; he is already in college; therefore, he is financially stable in paying his tuition. Normally he just wants to serve his country with America's finest and fulfill his military obligation.

Mr. MONTGOMERY. I don't know whether I am getting my point across or not. I know that the Air Guard and the Army Guard were very interested in improving the educational benefits. It would not be in competition with the regulars. We want to be sure that we don't have any competition. It does require 6 years that they have to sign up for and they have to complete the 6 years. If they don't, then we have to try to get them to pay it back.

I don't know that we have gotten them to pay back anything.

Sergeant HOGUE. Mr. Montgomery, I believe that we need the GI bill also for the Reserves. I am in the retention part of the program now. However, I do not believe we need any transferability in the Reserve. I believe that would hurt us in keeping people on active duty.

We also need the bill for the Reserves because we have to keep our Reserve force up. If there is any way they could stay away from the transferability——

Mr. MONTGOMERY. That is an excellent point. This amendment is not in the bill yet; that is probably why you are not familiar with it, because the Veterans' Affairs Committee reported out a bill where the Veterans' Administration would administer the GI education program.

When you get into Reserves, then you have to amend another section of the law that comes under this committee; therefore, I will offer the Reserve amendment at the proper time when we are marking up the bill. The amendment does not give the transferability to the reservists. Under the amendment I will offer, they would have to come on Active duty. My amendment does include officers, where now it is only enlisted personnel under the Reserve program.

Of course, this bill does include officers, the GI education bill, for regulars and reservists. I think eventually the Congress and the Defense Department are going to move more toward reservists and bring them in more as part of the service structure and combat support forces.

I just make that point to you, because you are the core of the military. It seems to me that the Defense Department and the Congress are moving more toward bringing reservists in, giving them equipment, and making them capable of doing their jobs. That is why we are including them in this educational incentive.

Mr. NICHOLS. Any more questions?

Gentlemen, thank you very much. You have given us some excellent testimony. We certainly appreciate it. I know I speak for the entire Armed Services Committee in saying we are grateful for what you are doing for us in the recruiting field. We could not operate without you.

We are deeply appreciative of the time and effort that you give, particulary in light of some of these things that just make my blood boil, such as when you are not allowed on campus. It is almost like a postman trying to deliver mail and the dog is out there biting the seat out of his britches.

Thank you very much for being here.

The next meeting of the subcommittee will be at 10 o'clock next Wednesday. At that time we are going to hear from some local high school counselors.

The subcommittee stands adjourned.

[Whereupon, at 12:15 p.m., the subcommittee was recessed, to reconvene at 10 a.m., Wednesday, October 7, 1981.]

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
MILITARY PERSONNEL AND COMPENSATION SUBCOMMITTEE,
Washington, D.C., Wednesday, October 7, 1981.

The subcommittee met at 10 a.m., in room 2212, Rayburn House Office Building, Hon. G. V. Montgomery presiding.

Mr. MONTGOMERY. Good morning. We would like to thank our witnesses for being here this morning. I appreciate very much your taking the time. Have any of you testified before? This is your first time?

Well, you'll find out it's rather unusual up here. Now we have a vote, so therefore I'm going to have to recess this subcommittee hearing and go make this vote and we'll continue the hearing in about 10 minutes, but we appreciate very much you being here this morning.

And it's very important that we hear from you, get your feelings, because high school counselors are the ones out there working with these students and it will be a great help to the committee. So the committee will stand in recess and we'll move right out in about 10 minutes. Thank you.

[At this point, there was a brief recess.]

Mr. MONTGOMERY. We will have some other members that will be here in just a few minutes. This is the Military Personnel and Compensation Subcommittee and I have the same name as one of the counselors. I'm Congressman Montgomery and I'm from Mississippi.

Mr. Nichols is the chairman. He's from Alabama. He will be here in about 30 minutes.

We will continue our hearings on a new educational assistance program for the military.

Today we will have the opportunity to hear from your group of high school guidance counselors from local jurisdictions in the Washington area on the perception of the impact of such a program.

I'd like to thank each of you for being here this morning and allowing us the benefit of your views.

You know, we are reasonable people and we oppose armed conflict. But, the world is almost running out of control now and we certainly have our problems and we can't push the military in the sand or hide from having an effective military force in defense of this country.

And so in order to maintain the force, we have to, under the volunteer environment, attract qualified individuals to operate the sophisticated military equipment that we have.

If sufficient numbers of qualified individuals cannot be attracted to military service, a return to an involuntary approach will be necessary. We won't have any choice if we can't get qualified people into the Volunteer Forces; we'll have to go back to the draft.

Now, I'd like to have testimony from each one of you this morning, on your perspective of the attitude of today's high school students toward joining the military. Is it different than those several years ago and is serving in the military a viable option for your students?

As a further point, the real problem we are dealing with is in the Army, in particular the combat-related skills. The other services at this time are doing fairly well, but with the population falloff of young men coming along, we're really not going to have that many to choose from.

In your opinion, what would it take to interest a bright high school graduate in joining the Army in the enlisted ranks for a couple of years before entering college?

Mrs. Ridley, we will begin with you. Other members will be coming to these hearings and then, also, everything you say is taken down for the history of this hearing.

STATEMENT OF FLORENCE RIDLEY, GUIDANCE COUNSELOR, DUNBAR HIGH SCHOOL, WASHINGTON, D.C.

Mrs. **Ridley**. Mr. Chairman and members of the subcommittee, I am pleased that I am a part of this meeting this morning.

In reference to your first question, I will attempt to give you my views on whether or not students are turning to the military.

At Dunbar High School, where I am a counselor, many of our students are returning, or stating that they are interested in joining the military.

For example, last year, we had a graduating class of 327 students. The breakdown for the military as they gave it to us is: Air Force, 11; Army, 6; Marines, 7; and the Navy, 4.

There were 28 students, which would be, roughly, 9 percent of the graduating class.

The other question you would like me to address: What would it take for a bright high school student to join the Armed Forces.

We find that many of our students who are interested in college, do not elect, as you could see from the number I gave you, the armed services.

I feel that our students would need more Army awareness at the high school level. I think that personnel from the Army would need to interact more at our school.

We do have Army personnel coming in and talking with our students, but we also need, probably, to have our students visit Army installations, If this can be provided, students themselves would get an idea of what it would be like on an Army force.

I am from the inner-city schools and many of our students do not get an opportunity to interact with Army personnel and I think that if we can get this interaction going that it would be valuable to our students.

Mr. **Montgomery**. Mrs. Ridley, did you have an ROTC unit in your school at one time?

Mrs. **Ridley**. Yes; we did.

Mr. **Montgomery**. You don't have it now.

Mrs. **Ridley**. We do not have it now. Monetary funds were the problem. We had to cut it more than 3 years ago.

Mr. **Montgomery**. It's the policy of the principal that military recruiters can come on the campus——

Mrs. **Ridley**. Any time, yes. We welcome them. They do come.

Mr. **Montgomery**. Well, thank you. We'll be back with some more comments and questions.

Mr. Barrons, I see your name's not Montgomery. I'm sorry about that. But you're from Montgomery County.

STATEMENT OF GEORGE BARRONS, GUIDANCE COUNSELOR, SENECA VALLEY HIGH SCHOOL, GERMANTOWN, MD.

Mr. **Barrons**. Yes, sir; I, too, appreciate the fact that I'm able to come today and testify before your committee.

I'd like to answer your questions about attracting young people into the military and their attitudes about it.

I believe that we have seen a change in the young person's attitude and it becomes a viable option for people in the high schools. They look favorably upon military service and do, in fact, seek out information from, not only the guidance counselors in our high school, but also from recruiters that come to our school very often.

One of the comments made by several of the different recruiters that come to our high school is that they have access to directory information through the Montgomery County Public Schools on a very open basis, which they feel helps them tremendously. That's just names and addresses of those students who are graduating. And they're also able to get the junior students' names and addresses.

They, in turn, can contact those people directly by mail which they feel is a plus for them. And that's done on a routine basis by our total school system.

Another thing that the recruiters feel very good about is a positive relationship with the counselors. They have open access to come into our school at any time on a scheduled basis.

They also are allowed to give the ASVAB test, which they feel is a positive factor in terms of recruitment.

As far as enticing young men and women into the military, we feel from having talked with a lot of the kids, that the better the educational benefits, the more enticement there is.

Mr. **Montgomery**. You think that as far as an incentive or an attraction into the military that educational benefits are?

Mr. **Barrons**. Yes, sir. I think they are. It becomes more critical, I think, as the cost of college education goes up. This becomes an option for the kids that they can, in fact, enlist and receive benefits. And I think that that will become a real positive factor.

Mr. **Montgomery**. Thank you. And we'll come back.

Mrs. Smith-Watson, before calling on you, we've had Mrs. Holt, who most of you know is from a Maryland district and also Mr. Hunter from California. Mrs. Holt.

Mrs. **Holt**. I was delighted to see my constituent here. We're very proud of the great job guidance counselors do in Prince Georges County and I guess all of you do the same kind of job.

We'll have to give them credit for it, won't we? But welcome, we're delighted to have you.

Mr. MONTGOMERY. Mrs. Smith-Watson.

STATEMENT OF GOLDIE SMITH-WATSON, GUIDANCE COUNSELOR, POTOMAC SENIOR HIGH SCHOOL, OXON HILL, MD.

Mrs. SMITH-WATSON. Yes, sir. Thank you, Mr. Chairman and members. I would like to give my views on the attitudes of today's high school students.

In Prince Georges County, we have noted an increase in the number of students who choose the military as an option.

I think that one of the things that has something to do with that is that we have a number of Junior ROTC units in many of our schools.

In fact, the superintendent said that approximately two more are coming on board this school year.

I just hope my school is one of those who gets one of those.

In terms of the Army, I would have to say that not many of our students choose the Army. And it may be because our Junior ROTC units are with the Navy and the Air Force and the kids are really gung ho about that.

Now, I don't know if it's possible and feasible to establish something in the Army area that parallels the Junior ROTC in the Navy and the Air Force, but the students certainly develop a great deal of self esteem and a good self concept this way which I think makes for good citizens. I would certainly see that as a viable option, if that could be arranged.

I think that one of the things that probably does hurt is the fact that in the past few years there has not been an educational component for people joining. And I think as tuition goes up from anywhere from $4,000 to $10,000 for the better institutions, students are going to find it more difficult to get an education. And since they know that that's very important, they will be seeking alternatives to try to get that education. And certainly if joining the service for a couple of years and serving your country would add to it, I'm sure that the number of persons would increase.

I think the Army would have to do a bigger job in orientation because, I think, the Navy and the Air Force kind of stand way out because of the kinds of things that students are able to do in the outside world once they get out of the service.

So perhaps a greater emphasis should be placed on vocational technical school areas. That is not to say that the comprehensive high schools don't have their bright students, too. But based on the kinds of things they do in vocational technical schools, it appears that you have bright students who like hands-on experiences and who work with equipment to a large extent, which is a great deal of what they do in the Army. A great thrust in those areas might also be a possibility for the Army.

Mr. MONTGOMERY. Thank you very much. And we'll come back for questions after we've heard from all the witnesses.

Mrs. Richardson, you're from Fairfax County, representing the public schools there. Is that correct?

STATEMENT OF MARGARET RICHARDSON, DIRECTOR OF STUDENT SERVICES, FAIRFAX COUNTY, VA.

Mrs. RICHARDSON. Yes; that's correct.

Thank you. I also appreciate the opportunity to be here today.

And to answer your first question about the interest that students have in the military, I'd like to give a bit of data on our graduates of last year.

In 1981, approximately 5 percent of the boys and .05 percent of the girls who graduated from Fairfax County Public Schools entered the military.

This was a total of 2.7 percent of the approximately 10,000, or 271 students.

This was an increase from 1979, where we had 2.8 percent of the boys to 4.9 percent.

And as I looked over the figures for the last decade, there has been a steady increase.

In 1974, 2.3 percent of the young men entered as compared to the 4.9 percent in 1981.

This may have been influenced somewhat by economic factors.

To give a bit more information about the students that might consider going to the military, 4 percent of our graduates attended trade schools, technical schools, and apprentice programs. And these programs certainly are available in the military.

And approximately 20 percent of our graduates enter full time employment upon completion of high school.

The next question that you asked was how can we encourage more bright young people to consider the military.

And first I'd like to comment on the communication programs that you have. I think that the brochures you are furnishing us are informative and well presented. The recruitment officers are working very closely with our counselors. And we also find that friends who have a connection with the military and parents of students who have military connections have a very positive influence on the decisions that young people make about whether to join the military or not.

The last couple of days, I talked with several counselors and asked if they had ideas of how we could encourage more young people to think about the military. And one suggestion that was mentioned several times and supported was the idea of some type of summer orientation program for rising seniors.

It could be a 4- to 6-week program. It could be a pilot program that would let bright young people know what the military has to offer. And if students were paid a minimum hourly wage for participating in such a program, it would also satisfy their need for summer employment.

So this might be an idea that would be worthy of review and some consideration.

Mr. MONTGOMERY. Thank you very much. That's a suggestion that we can look into.

Miss Wilson of Arlington.

STATEMENT OF EVELYN WILSON, DIRECTOR OF GUIDANCE, ARLINGTON COUNTY PUBLIC SCHOOLS, VIRGINIA

Miss WILSON. Yes.

Mr. Chairman and members of the subcommittee, we feel that the military situation in our school has grown, at least the interest in the military has grown.

One of the areas we see it in is the interest in going to the military academies.

We've had both young men and women interested in applying and I think that has increased considerably over the last several years.

We find, also, much more interest in talking with recruiters. We have a number of recruiters. In fact, we get to be real friends with the recruiters because they're in and out of my office all the time. And it has been very helpful to get to know them. We can give them information and feel free to have them in there.

Now, we do not provide lists of names of students because of the Privacy Act. That's our interpretation.

But we do have a number of students who talk with them because they're in the cafeteria, for instance, and are well advertised.

And we also give the ASVAB exam and we have a number of students who are interested in taking that.

I ran a little survey of the present senior class this week to find out what their thinking was at this point. And I asked them three questions.

The first question was: Do you plan to enter the armed services after high school?

I had 28 who said, yes, and 199 who said, no. This was a sampling of a class of 311.

Now, in the 2 other years. I picked 2 other years. Last year, we had 8 who said they were going into the military service and in 1979, we had 13 who had indicated that.

So at this time, I don't know how it will be in June, but at this time, there are 28 who have indicated they would be going into the armed services.

My second question was: If you answered, no, to the above question, would you consider going into the armed services if you were going to be given money to get a college education after leaving the service?

And at that point, 71 students indicated that they would be interested in going into the service. So that was about 2½ times the number who had indicated an interest originally.

I'm assuming you would hope that many of them would stay in the service. It would give you a lot higher caliber of student, I think, if they were offered this opportunity. At least that's what they're indicating now.

My third question was: Do you plan to make the armed services your career?

And, apparently 27 of the 28 that said they were going into the service said, yes.

So it is our feeling that there is increased interest. I think some type of educational program would make it even more attractive.

One other area, of attraction that I have found by talking with students as they come back from the service or with students who have brothers or sisters in the service, is getting an education while they're in the service.

And I think that making it easier for them to get college courses and work toward a degree while they're in the service might be as valuable as well as providing this when they leave the service.

Mr. **Montgomery**. Thank you very much, you know, under the Privacy Act, I assume you're correct on the—not releasing the list, but recruiters tell us they buy annuals.

Miss **Wilson**. They get them.

Mr. **Montgomery**. They get them.

Miss **Wilson**. Yes.

Mr. **Montgomery**. Mr. McClure from Alexandria. Very glad to have you this morning.

STATEMENT OF JAMES McCLURE, GUIDANCE COUNSELOR, T. C. WILLIAMS HIGH SCHOOL, ALEXANDRIA, VA.

Mr. **McClure**. Thank you, Mr. Montgomery, members of the subcommittee. I appreciate the offer to be here this morning.

T. C. Williams High School is the only high school in the city of Alexandria.

Our racial breakdown is 45 percent black, 10 percent international.

We have 52 different foreign countries right within our school.

Last year, 58 percent of our senior class went on to college, either 2- or 4-year.

Less than 1 percent joined the military service.

Our doors are wide open. We have military people in our schools twice a week. I think they could do a better job in recruiting.

I'm not sure what it is. Maybe field trips to Fort Myer and different places. Exposure is the most important thing.

We have 2 or 3 military personnel coming in, going to our cafeteria during lunch, sitting in a corner waiting for young people. Maybe slide presentations. A military band coming in occasionally. Just creating the enthusiasm needed.

I'm not sure paying young people to go to college is the answer in terms of getting the kind of people that you want. Certainly the attitude has changed. I think young people are ready to join the military. But I think they're going to have to be exposed to it. And it's going to be more than newspaper.

Maybe you need to think in terms of paying them to go to school for 2 years to a community-type college and then requiring the commitment of joining the military. Young people are anxious to get on with their lives. Everybody wants to go to college. And, of course, we've been sending too many people to school.

What you're getting from our school now is not the quality of people you want. They're young people that are barely making it through high school, barely passing the State competency examinations.

But we have some fine young people. And I think they're ready to join. But how do you get them interested?

Maybe it's money. I don't know. It's awfully expensive.

Thank you.

Mr. MONTGOMERY. Mrs. Butts, I believe you're also from the same school and are a guidance counselor.

STATEMENT OF PATRICIA BUTTS, GUIDANCE COUNSELOR, T.C. WILLIAMS HIGH SCHOOL, ALEXANDRIA, VA.

Mrs. BUTTS. Mr. Chairman and members of the subcommittee, I was working with seniors last year and so I felt maybe I could speak a little bit to that situation.

There's no doubt about it that there is a lot more interest in the military service, but as one of the other speaker's said, they tend to be interested in the Navy and the Air Force. They have a picture of technology there. They have been propagandized with the idea that they are going to be able to come out in 2 or 3 years and earn $30,000 or $40,000 with the skills that they're going to get from those two services.

The Army has not managed to project that same picture to these youngsters.

But, on the whole, I would say that the seniors last year were definitely thinking of the service as an option, particularly in this flattened economy.

Some students who are going to college are probably not college material, but they are still receiving benefits that afford their going, so they are going. You are not getting that group of youngsters because there are benefits offered to them that don't involve military service. They can get the college education without serving on the basis of poverty level and what not.

The group that I think that you're trying to appeal to would be the upper average youngster. This youngster, I think, is going to have to feel that while he is in the service that he will, indeed, be receiving an education and preparation for later on.

Some years ago, the Army did guarantee students that they would be prepared in the field of their choice. At least they would be started in the field of their choice.

Now, if they didn't make the cut, then the Army would move them into fields where they needed personnel.

That did increase the recruitment in the Army. So they might consider either doing more with that program if it's still there or, perhaps launching such a program.

Mr. MONTGOMERY. Thank you very much. I'm very sincere when I say this, this is some of the best testimony we've had before this subcommittee.

Basically, you didn't talk too long and you knew your subject and you kept on the subject. We have a number of witnesses that we have to look down and see what we're supposed to be following up on.

But this was excellent.

Mrs. Holt.

Mrs. HOLT. Thank you, Mr. Chairman.

I'd like to ask anybody who would want to answer it. Do you think that most young people who go into the military, I guess you'd kind of answered this question, go into it with the idea that they're going to stay there? They're going to make a career of it?

Or are they going for an education or for a quick job or—what do you think? Do you think they intend to make a career?

Miss WILSON. I think many of them are going into the service because they don't know what else to do. I think at this point, with the job situation as it is, they're finding that's one place they can get a job and so, unfortunately, I don't think they intend to make it a career when they go in.

Hopefully, some of them will, but I think a lot of them have not selected that from a number of options.

Mrs. RICHARDSON. I think more young people are also asking the question, What do I want to be? Do I want to be an aviation mechanic and where can I learn to be that?

And so the military brochures and materials that tie you into specific careers appeal to young people.

Mrs. HOLT. So they would be going there to get that training——

Mrs. RICHARDSON. Get that training.

Mrs. HOLT [continuing]. To go on to be what they want to be in real world.

Mrs. RICHARDSON. They want technical training and they want academic training and programs such as the Community College of the Air Force is a program that I think we need to look more at. It's a 2-year program. Perhaps it should be a 4-year program.

Mrs. HOLT. Do you think that money, pay and the rate of pay, has a lot to do with it? Do they look at the salaries that they're paid when you go in the military and say that looks like a good job?

I guess what I'm really asking, do you think that education and preparation for their career or the pay is more important?

Mrs. BUTTS. Career preparation.

Mrs. HOLT. You think that's more important.

Mrs. BUTTS. I think they assume that you're going to take care of them.

Mrs. HOLT. I see.

Mrs. BUTTS. In terms of housing and clothing and what not and the salary. I think they're more interested in career preparation.

Mrs. RICHARDSON. And compensation might have more to do with retention.

Mrs. HOLT. Yes, sure. It does have.

Well, Mrs. Smith-Watson, I was interested in your comments about the ROTC programs that we have, particularly junior ROTC. I think they are some of the most outstanding programs I have ever seen. And the enthusiasm and the appeal that they have to the people out there is really exciting and I just hope that we can enlarge on those programs because I think it's good training. The kids get the discipline, the obedience and the rules and regulations that I think they really need.

Mrs. Butts, on your comment about people being given money to go to college without making any commitment to the country, do you think that maybe some kind of commitment should be tied to that kind of benefit? What, in your observation of the young people——

Mrs. BUTTS. I think that would be a good idea. I think Mr. McClure touched on that slightly, too.

Mrs. HOLT. Yes.

Mrs. **Butts**. I think that they would appreciate it more and perhaps it would be more successful. We have a lot of attrition in the area that—where they are being subsidized to go to college. And perhaps you could tie it in with some military service.

Mrs. **Holt**. Thank you, Mr. Chairman.

Mr. **Montgomery**. Mr. Hillis.

Mr. **Hillis**. Thank you, Mr. Chairman. I, too, want to thank all of you for coming. Sorry I couldn't be here for the first part of this testimony.

This subcommittee, as I'm sure you know, has had very extensive hearings now on the matter of our so-called, GI bill.

And we're not finished with it at this juncture, but, certainly, you come with a perspective that we've not heard before. We've heard from all the services and we've heard from a lot of experts in different fields, but you bring us something that we haven't heard and helped fill in the picture for us a great deal because you're probably closer with the young people that represent the Nation who are going to be effective in serving than anybody else that we've had.

One of the big issues in this legislation is the issue of transferability and if you earn the credits or rights to educational benefits somewhere down the line and don't choose to use them yourself, whether you could permit someone else, a spouse or other dependents to use them.

Would this have any attraction at all to your people? Do they think that far ahead? Would it mean something to them from a recruiting standpoint to know that someday maybe if they don't choose to use it, someone else who would qualify that was close to them could?

Mrs. **Smith-Watson**. I would think that if the students are not aware of this that that would certainly be a selling point and one that, perhaps, the recruiters could use because that's a part of our responsibility, looking ahead is a problem with young adults. They don't seem to plan in advance far enough. If the spiraling cost of education now is $5,000 to $10,000 for a university or college education, what will it be 10 years from now, when they are going to be parents.

So I think it is a viable point and one that could be used successfully by recruiters and by people who work with young adults in helping them to sort out what it is they'd like to do and what the benefits are because they are very prone to look at a decisionmaking process to determine the consequences of their actions and to seek that alternative. I think that this would be an important point.

Mr. **Hillis**. Thank you. Mr. McClure.

Mr. **McClure**. Mr. Hillis, I feel it's far too expensive; 18-year-olds plan for next week, maybe next year, but not that far down the road. The maturity just isn't there.

Maybe it's something you could offer later as an incentive once they——

Mr. **Hillis**. The reenlistment program.

Mr. **McClure**. Reenlistment. Yes; getting involved, but at the beginning absolutely not.

Miss WILSON. I agree with that. I don't think that would make a bit of difference when they're discussing enlisting themselves.

They, I think, after they've been in, I think as a reenlistment incentive, if they're married, this might be helpful. I know you're losing some people, particularly in the Navy when they're out to sea so long and that's breaking up some families. And I think that something of that nature might be helpful to them, but I don't see our students thinking too much about who's going to be taking care of the family 4 or 5 years from now.

Mr. HILLIS. Or longer. Thank you very much.

Go ahead.

Mrs. SMITH-WATSON. I would like to speak to that one, please.

Maybe, then, that fits in with the idea that I've had, and I was remiss in saying it because I think that what should perhaps go on is that there should be some kind of career awareness throughout the enlistee's time in the service.

I don't think that that happens. And I think that it needs to happen because in our area we see kids going off to college. I just received a letter from a person at the University of Kansas saying, "Help, Miss Smith, I can't make up my mind about this."

I think they need help throughout the process. And I think it would be better if you had someone there to help them. OK. For example, they choose what they might want to do and we all know that that changes because none of us is probably what we wanted to be when we were 13 and 14 either. And, hopefully——

Mr. HILLIS. I wanted to be a fireman myself. [Laughter.]

Mrs. SMITH-WATSON. Right. Right. So they need that constant attention, you know, in a supervised setting, where somebody who has information can help them slip through it.

So in the process, maybe that can come up. But I certainly think it is important because while maybe the average person is not interested in the future, there are many students who are mature these days and who would be interested.

So I think if you would tie it in with this reawareness throughout the time that they are there, it might be very helpful.

Mr. HILLIS. Thank you.

Mr. MONTGOMERY. OK. Thank you. I have a followup on Mr. Hillis' question and Mr. McClure's answer about the maturity not being there. We're actually working on a conference report today that raises the pay of the military and the recruit and also it changes the bonus arrangement of enlisted personnel who have never been in the service on certain military skills.

We can pay up to $5,000 now when the military designates one of these young men that's going to come in. They give them a $5,000 bonus today. Now we're raising that to $8,000.

Mr. McClure, are we going too far? Is the maturity not there? We need your knowledge on this thing. I hope the military has talked to some of you people. I don't know whether they have or not. Throwing money at the problem, is that the way to get these young kids in? Can they do the job? Will that attract them or——

Mr. MCCLURE. Mr. Montgomery, we last year had a stay-in-school program in our school. We paid students to come to school and to go to class. Had the program 2 years, increased their pay last year. That didn't work.

I think—I'm not sure money's the answer. And you keep talking about money and it's costing the taxpayers a fortune. And I'm not sure you're going to get the right kind of people that you need for the military.

I think it's attitude. And I think it's exposure. And I think it's going to take more than a few recruiters coming into our schools. I think you're going to have to do more.

Maybe summer programs, offering employment. I mean, you've got many military facilities in the Washington area. Maybe we should start here and use this area as an example, in terms of—busing students in for special programs. I think that's——

Mr. MONTGOMERY. Well, you know, it's good to find out the attitude in the Washington area as far as the military is concerned. It is much better than the other parts of the country. I think we had recruiters that testified last week that they still can't go on 40 percent of the school campuses. That's what we were told, so I want to commend you for that.

Does anybody else want to comment on what Mr. McClure just said? Let me put it like this: Right now, to keep up our military strength, we have to just about get one out of every four males that graduates in 1982. If we're going to keep up our military strength for our combat units in the late 1980's, we're going to have to attract one of every three high school graduate males into the service because of the fall off of population of those aqe groups.

So you're involved in this, too, you know. If we're going to keep up the military strength, we're going to have to be coming at you harder and we'll be coming on these campuses more because we're talking about further increasing the military strength and the numbers are not going to be out there.

And so that's why we need your help.

Mrs. BUTTS. Could I make a comment about money?

It would seem to me that 20 years ago when young men thought about a military career, they thought of it as being a 20-year hitch, that they were going to stay in there and that was going to be their career.

More recently, I think they've gotten the idea that the military man who risks and goes with the military for 20 years is now treated like an orphan when he comes out and has to take another job.

And if it happens to be also with the Government, he right away is called "a double dipper" and all this type of thing.

I think we have placed the career military man in an untenable position. And I think that the youth see that and they wonder, then, "Is this the place to make a career if when I come out, I'm not going to have enough of a pension to live on. I don't want to remain idle anyhow and will people be critical of my receiving a pension which I have earned?"

So I don't think that they're looking at it as as good a career as they did 20 or 25 years ago. They had more status.

Mr. MONTGOMERY. I think what we'll do, Marjorie, is just continue. This is a vote on the conference report, and we'll stay 5 or 6 more minutes. By that time, some other members should be here, maybe, to ask questions and we should be able to dismiss our witnesses, I assume, at about 11:30. You have some good information that I think we certainly need.

I'm getting the feeling many of the students we get are not in the higher SAT score brackets. Mrs. Ridley, do you care to comment on that?

Mrs. RIDLEY. You are exactly right. At Dunbar High School, of the students who choose to go to the military, many of them do take the ASVAB test and they barely pass. They barely make the score to be considered.

But others, brighter students do go on. Many of them, if they do not have the money themselves have been able to get funds in the past through the DEOT and other financial aid establishments. So they have, at Dunbar, not been attracted. I've spoken to other counselors throughout the D.C. school system as well. The students who have chosen to go into this area are not the top students. And this really bothers all of us. Maybe the educational assistance program that you are now thinking of offering might entice many of the bright students to defer their education.

And if you are able to get them in, a few of them might decide to stay only 3 or 4 years, but hopefully, many would want to stay on for 20 years.

Mrs. RICHARDSON. You may find that in lieu of the current veterans education assistance program, where the person contributes to the system, that some type of entitlement program, such as a GI program, where they serve a certain number of years and then are entitled to an education, would appeal to a different group of students than we are now appealing to with the present program.

Mr. MONTGOMERY. Mrs. Richardson, that, basically is the point. We call this bill the GI education bill of the 1980's. The only really big difference in it is it does have the transferability for retention for the military—the VEAP program or the contributory program is not working at all. It's not working well. We had three test programs on education for the military and those test programs have expired, so if they're going to have any educational programs with any merit at all, this committee's got to come up with something.

The education bill I've introduced is very expensive because of the transferability and the military would have to pay part of it and the Veterans' Administration would have to pay part of it.

Mrs. RICHARDSON. And part of the problem with the program we now have is for a young person 18 years old first earning any money, the idea of taking $100 a month and saving it, is, I think, difficult.

But if you said, "OK. I served for 2 or 3 years and then I'm entitled to *x* amount of education," students might find that appealing.

Mr. MONTGOMERY. I offered a 4-year scholarship to a student to go to the Naval Academy but Notre Dame outdid us and the kid went to Notre Dame.

Wouldn't you think we would pick up some better quality students——

Mrs. RICHARDSON. I think so because there are many more that want the ROTC programs than you have spaces for.

And, see, they're applying there. They say, "Oh, well, I have *x* number of years that I have a commitment for, but I'm going to get a full education."

And so, to the young people in our school system, something that will insure them of the kind of education they want will make a difference.

Mr. **Montgomery**. We have a vote now. Mrs. Beverly Byron, a Member of Congress, has just come in from Mayland and when we come back, we'll let her do the questioning. We have a couple of minutes, if you want to comment here.

Mrs. **Byron**. That's all right. Why don't we go vote and come back.

Mr. **Montgomery**. All right. We'll stand recessed.

[At this point there was a brief recess.]

Mr. **Montgomery**. The subcommittee will come to order.

We're having a delaying tactics—part of what happens around here occasionally. They're calling these procedural votes that delay us. And they're calling these votes because some committee's meeting on the AWACS and they don't want the committee to meet; so, therefore, we're calling up votes. We're going to adjourn at 3 o'clock so the committee won't do anything.

So it's not all bad all the time up here, though. We have good witnesses like you.

Mrs. Holt, do you have any more questions before I yield to the counsel?

Mrs. **Holt**. I don't think so, Mr. Chairman. I think they really gave us pretty good information. I'm very pleased.

Mr. **Montgomery**. I am, too.

Mr. **Wincup**. Thank you, Mr. Chairman.

I'm personally pleased and surprised with the positive approach all of you guidance counselors have shown toward the military.

My impression, frankly, was otherwise.

I wonder, could you tell us, do you feel like the other guidance counselors in your system are not as well disposed toward the military. We hear—and just to be the devil's advocate on the point—there's a suggestion that there's a competition between recruiters and guidance counselors to the extent that recruiters take kids away from college. The school system looks a little bit worse because they have a lower percentage going to college. Is there any truth to that allegation and would an educational assistance program provide some leverage to make the military more of an acceptable alternative?

Mr. **Barrons**. I think they might depend strictly on the locality. Having 13 schools in Montgomery County, one down county and then going up to Seneca Valley, which is up county, you'll find a totally different attitude about the military. I don't think the counselors are necessarily biased.

But we find greater exposure where there are fewer kids going to college.

Down county, 98 percent go to college and the biggest question was, you know, what are the benefits after your ROTC benefits or benefits at the various academies.

We didn't have very many kids being recruited or even being interested.

But up county, we have a greater number not going to college. They want to explore all of the different options open. At least that's been my experience.

Mr. **McClure**. Mr. Wincup, I think what you might do is offer some training orientation for counselors. It's been a long time since we've had any orientation.

We, occasionally, will send a counselor to one of the academies. There was a time that the Air Force used to fly counselors to the Air Force Academy. Now we go to Annapolis.

But I think training is important for counselors. I think we have too many students entering the world of work who have skills that would be just perfect for the military, but they're staying home and working. And I think that's the young people that you need to attract.

I'm not sure you're going to get a lot of kids who genuinely need to go on to college because I think you're getting that kind of youngster already through ROTC.

Generally, I think there are too many people entering the world of work. And they're not finding employment.

So I think orientation is very important, not only to professional staff working with young people, but for the young people. It's got to be more than two or three people coming in occasionally to talk with small groups of youngsters.

Mrs. **Richardson**. I find our counselors working much more closely with the recruiters now. And it might be useful to think of some seminars or workshops like we have for financial aid. Because, when you look through the number of programs available, they are complex. And it takes some time to study them and to know the details.

And we would certainly welcome an opportunity for someone to come in and give a comprehensive picture of all of the opportunities through the various branches of the service.

Mrs. **Butts**. Can I make one comment about the recruiters themselves?

I think in the 1960's and early 1970's, we felt that if we were going to influence young people, we had to send young people to them. In other words, you brought in the ex-drug addicts to talk to the young people. The concern was that an older person would turn them off.

But I truthfully feel that some of the recruiters that I've seen recently are, indeed, too immature themselves.

I think a slightly older, well polished military man might be more successful in recruiting these youngsters.

Mr. **Wincup**. Well, I guess that was the next question.

Mrs. **Byron**. Mrs. Ridley has something. Did you——

Mrs. **Ridley**. I believe this lady answered my question.

Mrs. **Byron**. Oh, OK.

Mrs. **Ridley**. But I do want to say that the Naval and Air Force Academies invite us to come out. In fact, they do it free of charge.

But I feel that we need to visit Fort Myer and other bases. We need, really, to find out what is happening at other places, other than the academies because as you know, very few of our students will get into the academies.

We need training and seminars and educational programs that will let us know exactly what is happening so that we can better inform——

Miss **Wilson**. I don't feel that there's competition, really, in our system in Arlington.

As a matter of fact, I think sometimes we're in competition with parents who are sort of insisting that their child go on to college when we probably feel that some time in the military would probably be a good experience and give them some exposure to the world that might help them in making some more realistic plans for themselves.

I think we may have a little competition from the parents because if we sometimes mention armed services, you get a parent on the phone instantly saying, "What are you trying to do?"

And so I think that may be one of the problems.

But I think we feel that it's a maturing process for students and sometimes it's a good thing. And it may be that they'll get in there and they will find something that they like.

I still think that the idea of giving them an opportunity to get an education while they are serving is probably more attractive to young people than waiting until they have served 4 years and then giving them the GI bill as it has been done in the past.

I think that might be a way of getting some students who are on the borderline between thinking they want to go to college and thinking of the military. They could have the best of both worlds and it might placate some parents a little bit, too.

Mr. **Wincup**. Well, that's probably a good example of the information form because the military does pay 90 percent of all tuition expenses for any course that any serviceman takes now.

Miss **Wilson**. Right.

Mr. **Wincup**. But you mentioned the parents in terms of their unwillingness to have their children consider the military.

Would an education program assist you when you see an individual you think might be better steered in that direction? He or she could go home and you could talk more effectively with the parents if you could say, "Well, they're going to go in the military, but they will get *x* amount of educational assistance following that service."

Miss **Wilson**. I think so and I think we do need to be brought up to date.

In the past, the Air Force, I remember, had a dinner some years back where they'd explained this community college program and so on.

But we're not getting very many of these programs that give us the kind of information we need to know both for use with students and parents.

I also think this idea of taking students to some of the installations in the area and letting them spend the day would be very helpful. We encourage them to visit colleges and I think it would be a good thing to have them visit some of the installations in this area, spend a day there and follow someone around.

We have shadowing programs where we allow students to go on a job and shadow an individual through his whole typical day.

And I think that type of thing might be helpful for introducing the military to some of the students.

Mr. **Montgomery**. Mrs. Byron.

Mrs. **Byron**. Let me apologize, first of all, for not being here when the subcommittee started. I had a Procurement Subcommittee panel at the same time. They said it was imperative that I was there and I kept getting notes that it was imperative I get down here, so—I haven't figured out how to clone myself yet.

Let me ask a question of the panel which was one that we got the other day from talking to the recruiters. And that was the difficulty that they felt they had in obtaining access to the various schools. And if this question has already been asked, I will read the record. Has it been?

Mr. MONTGOMERY. Go ahead and ask it again. I think——

Mrs. BYRON. You didn't like the answer you got the first time? [Laughter.]

Mr. MONTGOMERY. Actually, Beverly, as Mr. Wincup has said, he was rather surprised with the great cooperation around the Washington area that we're getting from high school counselors, that they're working with the military.

Mrs. BYRON. Well, then, would you assume that it was because the panel of recruiters we had were not basically from the Washington area. I think this might be a problem in the Midwest or the South or in other areas.

But they felt that they had a very difficult problem in some instances in getting access to the students on the high school campuses. In some areas it was just a hostility.

And yet, I think guidance counselors in the school system should work hand in glove with the recruiters because it is another viable source of an educational proposal. I have a teenager who is about to approach her guidance counselor and I'm watching some of the information that is given to her and I think it's important that many of the young men and women are given an opportunity to evaluate all different options and all alternatives.

And I think the bill that we are debating and discussing right now is going to be an important factor in many of our younger people looking at the military as a proposal.

So I think the fact that I have just heard that the Washington area is not a difficult area for recruiters to do work in, speaks well for your background and to the job that you all are doing.

But do you find in the last year or so an increase of students inquiring about the military or about the educational benefits that the military has to offer? Has that changed?

We've seen a dramatic change in the thrust of the American public on the military. The young people that I have talked to, by and large, more of them are inquiring about the military and we're finding more of them are looking into that.

Do you find that when students come to you for counseling about their education, is that a factor that is being brought up more now than has been in the past?

Mrs. RICHARDSON. I would say it is and I think that should be reinforced in that from our school district we have a larger percentage of students going to the military now than we have had in the past.

Mrs. BYRON. But you find them looking toward the military as an alternative to going into a college academic atmosphere? Does this come from the student that does not have an idea what they want to do?

I think we went through a period of many years during the draft, when a lot of students went into the military as a growing process and then came out with a much better idea of where they wanted to go and in what direction they wanted to move their lives.

Then, since we did away with the draft, we found many students that never even thought of the military as an option or never thought of the military as a stopgap measure before they went on to a college education.

Are you finding now that once again students are using that as another idea?

Mr. McCLURE. I think they are. I think they're very positive.

But I don't think counselors are as knowledgable as they should be about the military. Maybe it should be approached more as a career, spending a longer period of time in military. Offering them incentive—a 2-, 3-year, short-range period to get away from home. Because, as I think I mentioned earlier, 18-year-olds are very young. They're not going to plan 4 or 5 years into the future. They don't know what they're going to be doing that far away.

Mrs. BYRON. In other words, you're saying the 18-year-olds are still very young.

Mr. McCLURE. Very.

Mrs. BYRON. Some of us tend to think that the 18-year-olds are much more mature than they ever have been before.

Mr. McCLURE. They're very young. The older I get, the younger——

[Laughter.]

Mrs. BYRON. Well, I know they look younger, but——

Mr. McCLURE. They are young. Very.

What are you doing at the community college? Are you doing any——

Mrs. BYRON. Well, I think, you know, I think that's a very important factor because, at least in my area, we're seeing more and more students that are utilizing community colleges because of basic economics.

Mr. McCLURE. OK. Yes.

Mrs. BYRON. Many get a community college education for a 2-year period and then into a 4-year college to finish up the last 2 years.

And I think the community college probably would be a very strong starting point. And I'm not that familiar on what emphasis we have put for recruiting in community colleges.

Mr. McCLURE. Another thing, I think it would be helpful if you could change the title of the military personnel coming in from recruiter to representative, more like a college representative. I think sometimes recruitment or recruiting means you're going to take me away from my home or this negative kind of——

Mrs. BYRON. I think that's a very good point.

Mr. McCLURE. They could participate in our college night program——

Mrs. BYRON. This is one of the things that I was going to ask. When you have college night programs and you usually have a fairly extensive college night, do the recruiters or do the military individuals come into that?

Mr. McClure. Only ROTC and the academies, but not enlisted men.

Miss Wilson. We do. We have them in Arlington. We have all the academies and ROTC personnel and if a recruiter asks to come, we would give them the opportunity.

Mrs. Byron. Because I think the academy situation is completely different and very competitive, at least I know with my academy applications, it's extremely competitive.

But I think the recruiter coming in on a college night would be a very postive aspect as an alternative.

Mr. Montgomery. Thank you.

Let me ask this question, since you have knowledge of working with these young people especially these young men.

We reimplemented registration, which was really needed. Our Selective Service System just wasn't effective at all. We really didn't have any good records on any young men and we've registered 18-, 19- and 20-year-olds and now we pick up the 18-year-olds as they turn 18.

What is the reaction? Has that caused any additional responsibility or pride or act of pride in their country that we're requiring them to register? Would you care to comment on what you've heard about, what reaction is taking place in the high schools pertaining to these young men registering?

Mr. McClure. They are accepting the fact that it's a responsibility. And they're very positive about it. And they are registering.

I think the only student that wouldn't register would be one that the parent told him not to, to put it off for a while. I think they are registering.

Mrs. Byron. Is that because of peer pressure? Or is that because they feel that is their duty or is that because——

Mr. McClure. No, I don't think it's peer pressure. I think it's duty. No. Absolutely.

Mr. Montgomery. No question the attitude has changed. What you're saying, in effect, we might be having more problems from some of the parents than we are from the young——

Mr. McClure. Yes.

Mr. Montgomery [continuing]. Men and women.

Mr. McClure. You need to reeducate the parents.

Mr. Montgomery. I never figured. I come from an area where the income is rather low and I see the young men and women get jobs working in retail stores and working in service stations and making $100 to $125 a week, maybe not that much. Instead, they could go into the military and get a professional career that really would help them, plus benefits and health service for the rest of their lives.

So sometimes, you know, I wonder where the problem lies.

Our chairman, Mr. Nichols, has arrived here.

They've been excellent witnesses, Mr. Chairman. I think you ought to at least say hello to them. We've really gotten some good information from them today.

In fact, they're pretty smart. They put a lot of it back on recruiters. And they've got some excellent points that we ought to pass on to these recruiters, such as, you know, send a little more mature recruiter out there, don't call it recruiting.

And also Don Mitchell, the ranking member from New York, has walked in, so, Mr. Chairman, I appreciate that this has been a good hearing.

Mr. Nichols. First, let me say, General Montgomery, we appreciate you handling the subcommittee. I hope you explained to our witnesses this morning what was going on on the floor.

We have a conference on a pay bill for the military and that's pretty important to the military and we had to handle it and I apologize that Mr. Mitchell and I were not here.

I don't know whether you all know this, but this happens to be Mr. Montgomery's bill and he reported to me that the testimony was just excellent. I must assume that all of you all are supportive of his bill.

[Laughter.]

Mr. Montgomery. We really got into other areas. We really didn't get into bills. Really got into——

Mrs. Byron. You never mentioned it to them?

Mr. Montgomery. Yes, I mentioned it. Yes. [Laughter.]

Mr. Nichols. But, seriously, I certainly appreciate your testimony and I will go over it and read it very, very carefully.

In my part of the country, and I'm sure that's true up here in Virginia and Maryland and the D.C. area, the high school guidance counselors play a very key role in our military recruiting program and we want you to know, on behalf of the Armed Services Committee, that we appreciate the time that you give to our military recruiters when they come to your schools. I hope we'll never overstep the bounds that are our responsibilities.

But we do thank you for being here with us.

Mr. Mitchell——

Mr. Mitchell. Thank you, Mr. Chairman.

I'd like to thank you, too, for participating in our hearings today and also apologize for not being present.

Probably the most frustrating aspect of being a Congressman is that we're always overscheduled, supposed to be two or three places at once. We had to consider the military pay bill today or it would not have been reflected in the October 15 paycheck. It just takes that long to process. So that's our priority.

If it's in order, Mr. Chairman, I know we're both going to go over the written record thoroughly, but could we ask staff to just give a brief recap of what has transpired. We may want to take a look at Mr. Montgomery's bill before we get the written record, that's all. So would it be in order to ask Mr. Wincup or someone to give——

Mr. Nichols. Sure it would. Sure it would.

Mr. Mitchell. He'd be a little more objective than Mr. Montgomery—— [Laughter.]

Mr. Montgomery. We could vote on the bill today, if the Chairman wanted to. [Laughter.]

Mr. Nichols. Without the recap. I suggest the absence of a quorum. [Laughter.]

Mr. Wincup. Mr. Chairman, the witnesses basically indicated that the interest in the military had been on the increase over the past couple of years and they cited statistics from some of the graduating classes. They mentioned that junior ROTC units are very effective but that there are not as many as they'd really like to have available in the schools.

They pointed out that the selling of skills is very effective with certain kinds of students. It is helpful when they can see a direct trace between military service and what they're going to do in their careers. And that's a very effective approach. Community College of the Air Force, in particular, markets on that. That tends to meet very well with some of the goals of students who want to go on to an education and they can see that as part of the military.

A particularly good point, seemed to me, was that information flow to the counselors is pretty limited. The counselors would benefit and would be interested in seminars and workshops from the military on all the options that are available from the military. They don't have that kind of information on a very easy level.

I guess that's some of the high points. There have been a lot of others.

Mr. MONTGOMERY. Well, Don, it was mentioned that a number of these kids are immature at the ages that these recruiters are hitting them up. Some type of orientation in the summer would be good, perhaps taking them out to Fort Myer, or to other places. The counselors might go to West Point or Annapolis, but they never go to military posts, nor do any students they're trying to recruit. Do they have any facilities to take them out to some of these bases?

One teacher, I believe it was Miss Wilson, did a test. There are more of them going into the service than before, but her test showed if you add on education, that it would increase the number. Was that——

Miss WILSON. About 2½ times as many said they would go in if they had educational benefits provided.

Mr. MITCHELL. Two and one-half times?

Miss WILSON. Yes.

Mr. MITCHELL. That's big.

Mr. NICHOLS. Do you have any numbers?

Miss WILSON. Well, I did this in a sampling of the seniors this year and out of about 225 that answered this questionaire, 28 said they planned at this time to go into the military when they graduate next June, which is a decided increase over other years.

But when I asked the question: "If you were going to get something like the GI bill when you've completed your service, would you then be interested in going into the service?"

And 71 indicated that they would be interested in going into the service under those conditions.

Mr. NICHOLS. Thank you.

Mr. MITCHELL. How many were there in the——

Miss WILSON. I got a sampling of 241 students out of a class of about 311, but with the variability of who answered what questions, it came out that I had about 225 that actually responded to those particular questions in the way that they did.

Mr. MONTGOMERY. Let me mention one other point Mr. McClure alluded to. I know we're getting some good people that sometimes have a good education. Good IQ doesn't make you a good fighter. But we're not, as I understand it, getting the real quality in the graduating class that is recruited. We just can't meet the competition that comes from other sources and from other student aid programs. Therefore, we're not getting the high SAT scores going into the military. Is that basically correct?

Thank you, Mr. Chairman.

Mr. **Nichols**. Let me ask you a question. I don't know whether it's been pointed out here this morning, but I believe I'm correct, Mr. Wincup, if you'll help me with this, by 1986 or thereabouts, because of the shrinking manpower pool and the need that we anticipate that we're going to have in the military, our military people tell us that we're going to need to recruit—hold on to your seats—1 in every 3 qualified high school graduates into the military.

Now, your figures, I believe, Miss Wilson, said that out of 225, about 10 percent, about 1 in 10, indicated that they have some interest in going in the military.

And you've said that with the GI bill, that stepped up to what?

Miss **Wilson**. Seventy-one.

Mr. **Nichols**. Seventy-one. About 3 times that.

Mr. **Mitchell**. More.

Mr. **Nichols**. It's emoluments like the GI bill, the pay increases, and bonuses that we feel that we have to look at from a compensation committee standpoint in order to attract and retain, hopefully, the type of individual that we're looking for to operate the MX, to fire the missiles, to fly the planes.

The Air Force Reserve, for instance, the other day, indicated that 92 or 93 percent of their recruits were high school graduates. And that their target, perhaps for next year, is to have 100 percent high school graduates, which means that as you know, a 10th grade dropout is just not going to make it. There's no place for that fellow in today's military.

I think the image of the military for too long has been that, Well, if you can't get a job on the outside, there's always the military to go into. It's the employer of last resort of a sort.

We want to try to get away from that image. They're going to have to get away from that image. We just can't use, you know, dumb bunnies in the military that we have projected here.

That leads to my question. I've had recruiters tell me that the typical high school youngster interested in the military wants to know what's up front. He's a lot more concerned with that bonus, you know, "What am I going to get now out of it?" than he may be in something down the road, maybe the GI bill.

Would you all comment on that?

We have bonuses here. We're going up to an $8,000 bonus. We don't pay them all that, but that's the ceiling. The average bonus that we're paying, where we're paying bonuses, is about $3,300, I believe, to infantry and artillery and tank people.

Would some of you comment on whether you feel that today's graduating high school youngsters that you're talking to would be more interested in, It's what's up front that counts, or whether we're looking at more of a GI bill?

Mr. **Barrons**. Let me refine that on the basis of some experience I've had, and it obviously is not going to be an across-the-board experience for everyone, but if I were a military officer and were dealing with the kinds of kids that are interested in the up-front money, I'd have a hell of time with those kids as opposed to those who are looking at the long range.

I think the kids that are wanting the up-front money are not as acceptable as the types of kids that are looking for long-range goals. The GI bill. That's my personal experience.

The kids that we've had in our school, for example, that have been interested in the up-front money are not the most desirable types of kids.

Mrs. **Richardson**. I think the students you are looking for are the students who are more interested in training and education.

And an example I could give, we have many more who want ROTC programs than can get into the programs. That's the quality of student you want that we need to tap. More dollars at the beginning is not going to make a difference to that child.

Mr. **Nichols**. Any other members? Mrs. Byron, do you have anything?

Mrs. **Byron**. No, but I tend to agree with what they've stated and I think that's probably not the position of this committee.

Mr. **Nichols**. Could I follow up on that question by asking you how parents would react to that same question, the dollars up front or something down the road——

Miss **Wilson**. I don't think that would affect the parents. I think the parents are looking at it either as a military service or not. I don't really think that the money is going to make that much difference except for the fact that they want their child to have a good job. I don't really think that the big money would be that much of a concern to the parents.

Mr. **Barrons**. I would bring into the committee the response of one parent who, maybe, has unusual circumstances, but it's a mother with four children whose husband passed away. One of the comments she had made to me was that if the military had better benefits on a long-range basis, she would have been more than happy to see her children go into the military first and complete their education later.

In terms of the up-front money, the kids that I've seen go for that option are the kids the parents are glad to get rid of, I think.

Mr. **Nichols**. Mr. Mitchell.

Mr. **Mitchell**. Thank you, Mr. Chairman.

Just as sort of a summary, all of you feel that a GI bill would help the services attract more young people, especially the ones they want: high school graduates.

And I guess it was Miss Wilson who quantified it. Have any of the rest of you had any sort of similar study or survey that we want to be aware of; the degree of attraction that bill would provide?

I think you said 2½ times as many in that little survey you had.

Anyone else have any quantification of it?

Mrs. **Ridley**. Well, 10 percent of my school's population last year went into the military. The graduating class.

Mr. **Mitchell**. And how much of an increase do you think there would be in that 10 percent, Mrs. Ridley, if there was a GI bill to attract——

Mrs. **Ridley**. Well, I think there would be many more. I really do.

And I think if you had more military awareness, this would also attract students. Visitations to military installations——

Mr. **Mitchell.** Without actual numbers, it's hard to assess the drawing power of the GI bill, but is there anyone who thinks it would not make a significant difference?

I'm not sure what significant means, but you all feel that it would be a very powerful tool for our Nation to use if it wants to attract more high school graduates to the military?

Thank you, Mr. Chairman.

Mr. **Nichols.** All right. Just one final question: What's wrong with the name, "recruitment"? Somebody mentioned that maybe we ought to change the name. What image does that portray to that youngster?

Mr. **McClure.** A military representative, in terms of career and helping, sounds better.

Mr. **Nichols.** OK. Thank you very, very much on behalf of the committee.

The subcommittee is going to change its schedule a little bit.

We meet again next Wednesday, the 14th, at 10 o'clock and at that time, we're going to take up the changes in the judicial military law, the amendments that are going into the Senate bill, which you're prepared to delete because they were not germane.

Mr. Mitchell and I have introduced a separate bill and so we will hear testimony from the bar associations and other interested individuals on this next Wednesday at 10 o'clock.

The subcommittee stands in recess.

[The hearing was recessed at 12:05 on October 7, 1981.]

House of Representatives,
Committee on Armed Services,
Military Personnel and Compensation Subcommittee,
Washington, D.C., Wednesday, October 21, 1981.

The subcommittee met, pursuant to notice, at 10 a.m., in room 2212, Rayburn House Office Building, Hon. Bill Nichols (chairman of the subcommittee) presiding.

Mr. Nichols. The subcommittee will come to order.

Today the Military Personnel and Compensation Subcommittee will begin the first of 2 days of hearings to receive testimony from outside witnesses who have asked to share with the subcommittee their recommendations for a new educational assistance program.

Today we will have two panels of witnesses—one composed of educational associations, the other of military and veterans' groups. We have asked each member of the panel to present a statement and then to respond as a group to questions. I know we will benefit from the interchange of viewpoints among the panelists.

During the past two hearings we have had the unique opportunity to hear firsthand from those who work on a daily basis with young people and who significantly influence their decisions about military services, specifically their high school guidance counselors and military recruiters.

I think the subcommittee was pleasantly surprised and encouraged by the positive attitude toward service in the Armed Forces evidenced by the panel of guidance counselors.

We are looking forward to receiving input this morning from another segment of the education community through our first panel, representing three approaches to higher education.

The amount of money available for higher education assistance in our judgment will be smaller this year as a result of the revisions proposed in the President's budget. This effect will apparently be felt at both ends of the economic spectrum, due to restrictions on eligibility for guaranteed student loans for higher middle income families, as well as limitations on the funding for Pell grants, formerly known as basic educational opportunity grants, that are targeted to lower income families.

We will be interested in your analysis of what these student financial aid changes will mean in terms of making the military more attractive as a career and the impact that a new military educational assistance program might have on this situation.

To our friends from the military and veterans' associations, we say welcome. You always make an important contribution to this committee's deliberations, and we appreciate your candid presentation of the interests and concerns of your respective memberships.

I would pose to you the same questions that have been asked to earlier witnesses from the services:

How would you structure a new GI education bill?

Would transferability to a spouse and/or dependents significantly aid retention to a sufficient degree to warrant the cost?

Should benefits be provided to enlistees in the Selected Reserve?

In view of the increasing constraints on defense resources, how will we be able to afford a program of this magnitude? Are there possible tradeoffs in the defense budget that any of you gentlemen would suggest?

Again, we thank you for taking the time to appear this morning and are most interested in your point of view.

Our first panel this morning, if I might introduce the group, will be Mr. Robert O. Riggs, president of the Austin Peay State University. He is speaking on behalf of the American Association of State Colleges and Universities.

On that panel also will be Mr. Richard E. Wilson, vice president of the American Association of Community and Junior Colleges, and Mr. Bernard H. Ehrlich, National Home Study Council, representing the National Technical Schools of Los Angeles.

So, gentlemen, you may proceed in whatever order you care to. I believe our staff has asked that you try to keep your own remarks down to about 5 minutes in order that we might have time for questions. I won't hold you strictly to that 5 minutes.

STATEMENT OF RICHARD E. WILSON, VICE PRESIDENT, AMERICAN ASSOCIATION OF COMMUNITY AND JUNIOR COLLEGES

Mr. Wilson. My name is Richard Wilson with the American Association of Community Colleges.

Thank you, Mr. Chairman. Thank you for the opportunity to testify on behalf of a new GI bill.

First, I want to simply summarize very briefly the points made in our written testimony and ask that it be introduced in the record.

First, the community colleges enthusiastically support a new GI bill and find H.R. 1400 to be an excellent bill in almost every respect.

Second, the association believes a new GI bill will be a strong incentive for attracting and holding better qualified men and women in the Armed Forces.

Third, a large number of Vietnam veterans attended community colleges. This is not surprising because more than half of the first- and second-year college students are enrolled in community and technical colleges today. Furthermore, more than 40 percent of all undergraduate students are enrolled in community and technical colleges, so you can well understand our interest in a new GI bill.

As far as the specific features of the bill are concerned, we would make these points.

To be eligible for benefits under a new GI bill, we recommend 3 years active duty or 2 years of active duty and 4 years of Selected Reserve or National Guard duty, as specified in H.R. 1400.

We believe a basic educational assistance allowance of no less than $400 per month would help meet the individual's subsistence, tuition, fees, supplies, books, and other educational costs. This is much more reasonable, in our judgment, than the $300 presently included in H.R. 1400.

We support the two-tiered approach of basic and supplemental benefits included in H.R. 1400, with the exception for substituting $400 a month for $300 a month for the basic benefit; that is, instead of $300 we would propose the $400 as the basic benefit.

Another point. We do not support a direct tuition payment to educational institutions in which a service member or a veteran is enrolled, which is proposed in a few bills, not in H.R. 1400, by the way, since it is individuals that are being recruited, not the postsecondary institutions.

Larger payments to individuals are stronger incentives than a combination of smaller payments and direct tuition payments to educational institutions.

We support the educational leave of absence provision of H.R. 1400. This option would encourage more service members to reenlist because of the opportunity they would have to enhance their skills and knowledge without having to leave military service.

We believe the transfer of entitlement to dependents is an excellent concept. This would be a strong retention feature. We recommend that the transfer of the educational entitlement be available after 8 years of continuous active duty.

This is a critical time in the enlistment of a service member. If the benefits were available after 8 years, instead of 10, they would not be fully used until after 11 years of active duty at the very earliest. Once a service member has passed the 10-year mark, it would be much easier to decide to stay on active duty until retirement benefits are available.

Finally, we recommend that the payment of educational assistance allowances be administered by the Veterans' Administration because VA already has the administrative machinery and expertise needed to do it.

Other proposed benefits, such as the transfer of entitlement, the educational leave of absence, and similar provisions should be paid by the Department of Defense.

Mr. Chairman, thank you again for the opportunity to testify before this distinguished subcommittee.

WRITTEN STATEMENT OF RICHARD E. WILSON

Mr. Chairman and Member of the Committees: I appreciate this opportunity to present the views of the American Association of Community and Junior Colleges (AACJC) on educational assistance for veterans and active duty personnel in the Armed Forces.

The World War II, Korean and Vietnam era G.I. Bill statutes were enacted to help veterans make a positive readjustment to civilan life and to partially repay them for the hardships they incurred in service to their country during a war. Legislation which has been introduced in the Senate, and H.R. 1400 in the House, have a more immediate purpose to recruit and retain qualified persons in our Armed Forces. This is a commendable and reasonable purpose and it is with this perspective in mind that we view the proposed G.I. Bill for the All Volunteer Force.

THE ROLE OF COMMUNITY, TECHNICAL AND JUNIOR COLLEGES DURING THE VIETNAM ERA G.I. BILL

Before I proceed with our comments on educational assistance for veteran, I would like to briefly state some facts about Vietnam era veterans and their use of the various G.I. Bills which have been available to them (P.L. 89-358, June 1, 1966; P.L. 90-77, October 1, 1967; P.L. 91-219, February 1, 1970; P.L. 92-540, October 1, 1972; P.L. 93-508, December 3, 1974; P.L. 93-602, January 1, 1975; P.L. 94-502, October 15, 1976; P.L. 95-202, October 1, 1977; and P.L. 96-466, October 17, 1980).

About 1.8 million Vietnam era veterans who have enrolled in postsecondary training and received Chapter 34 benefits have attended community, junior or technical colleges. The remaining two million have enrolled in private and public four-year colleges and universities. There are several reasons why so many Vietnam veterans have enrolled in community, junior colleges and two-year technical colleges.

(1) Veterans are fairly representative of the higher education enrollment patterns of older adult students in the United States, e.g., about 40 percent of the college students in the U.S. attend public community, junior and technical colleges, about 40 percent attend public universities, and the remaining 20 percent attend private colleges and universities.

(2) Veterans frequently choose to enroll in occupational and technological programs which are available most often at community, junior and two-year technical colleges.

(3) Veterans frequently have needed and benefited from taking developmental, remedial and preparatory programs and courses available at community colleges.

(4) Veterans who need to live with their families and who can only attend college part-time find community colleges to be conveniently located and more accommodating to their part-time schedules.

(5) Community, junior and technical colleges provide excellent support services to veterans including outreach, retention, counseling, tutoring, and other services based on local needs. Many educationally disadvantaged veterans have found the community college the best place to start, gain experience, and improve their basic skills.

Another factor is that the American Association of Community and Junior Colleges and the American Association of State Colleges and Universities have cosponsored for ten years the Servicemembers Opportunity Colleges (SOC) under funding from the Department of Defense and the Carnegie Corporation of New York. SOC is a nationwide network of about 300 colleges and universities that offer comprehensive educational opportunities to men and women in the military. The purpose of SOC is to provide high-quality, off-duty education to members of the Armed Forces while they are on active duty.

THE PROBLEM

Modern day Armed Forces depend upon highly trained technicians and specialist to be operational and effective. Nothing is more useless and dangerous than a complex weapons system that fails to operate or functions improperly at a critical moment. Unfortunately, this is an increasingly common occurrence because of an acute shortage of trained technicians in the Armed Forces. And, to make matters worse, most of the new recruits have great difficulty in mastering the fundamental skills needed to become competent technicians. A reasonable solution to the problem is a new G.I. Bill containing incentives that will attract and hold better qualified men and women in the Armd Forces.

The Veterans' Education Assistance Program (VEAP) has not proven an effective incentive for recruiting persons into the Armed Forces nor as a veterans' education benefit. The Veterans Administration reports that through calendar year 1979 only 25.1 percent of servicemembers have participated in VEAP. The VA figures also show that of the 201,723 servicemembers who have participated in the program, 32.3 percent have terminated their participation and, of this number, 17 percent have requested refunds of their contributions. It appears that the major problem with VEAP is that it's a contributory program. Many servicemembers, particularly the married ones, have been financially unable to make the monthly contributions to the program. In turn, many often leave the military service without eligibility for educational benefits under VEAP.

A SOLUTION

The military services are convinced that a peace-time G.I. Bill would be an excellent incentive for recruiting and retaining quality personnel. Professor Charles Moskos has reported that a survey of 11,336 recruits conducted by the Army in September 1974 at Armed Forces Entrance and Examining Stations (AFEES) throughout the United States found that 24 percent of those interviewed would not have enlisted had there been no G.I. Bill. An additional 36 percent said they were not certain whether or not they would have enlisted if they had not been eligible for educational benefits.

Members of Congress are very concerned about the quality of our manpower in the Armed Forces, which explains the early introduction in the 97th Congress of so many bills to reauthorize G.I. Bill educational benefits for the purpose of recruitment and retention. And, judging from editorials and articles in major newspapers and national periodicals, many other people recognize the problem and support the enactment of a new G.I. Bill. The questions then become: "What form should the educational benefits take and how much money and length of eligibility period will it require to enlist and retain adequate numbers of well qualified people?" In answer to these questions, the American Association of Community and Junior Colleges makes the following recommendations with respect to establishing an improved peace-time educational assistance program for veterans and members of the Armed Forces.

ELIGIBILITY

We recommend three years of active duty or two years of active duty and four years of Selected Reserve or National Guard duty. This provision is included in both H.R. 1400 and Senator Cranston's proposal S. 417. We recommend authority to use educational benefits after serving two years of active duty and while still in service. We are not opposed to veterans and servicemembers being required to possess a high school diploma or equivalency in order to qualify for educational assistance benefits under the G.I. Bill. We feel that there are adequate opportunities for servicemembers who do not possess a high school diploma to earn a diploma through the GED program during their enlistment. However, we are aware that many of the servicemembers who enter the Army and Marine Corps without a high school diploma are the ones who serve in the combat arms, e.g., infantry, armor, artillery and combat engineers. These military skills have virtually no transferability to the civilian labor market. The servicemen and women who serve in the combat arms and then leave the service will greatly need the G.I. Bill. We recommend that the military services make a systematic effort to ensure that servicemembers have an opportunity to pursue GED training while on active duty. Furthermore, it would increase the likelihood the servicemember would be promoted and continue on active duty.

RATE OF ENTITLEMENT

We recommend a total of 36 months of entitlement to be earned at the rate of one month of educational assistance benefits for one month of active duty or one month of benefits for each four months served in the National Guard or Selective Reserve.

METHOD AND AMOUNT OF PAYMENT OF EDUCATIONAL ASSISTANCE BENEFITS

We support the two tiered approach of basic and supplemental benefits included in H.R. 1400 and S. 417, Senator Cranston's bill. Moreover, we believe a basic educational assistance allowance of $400 per month would help meet the individual's subsistence, tuition, fees, supplies, books, equipment, and other educational costs. Although this amount may appear generous in comparison to some other proposals, it is below the poverty level and insufficient to totally support an independent student. We do not support a direct tuition payment to educational institutions in which the servicemember or veteran is enrolled.

Mr. Chairman, there are basically two forms of educational benefits. One form which was used in the World War II G.I. Bill, is a combination of monthly subsistence payments to veterans and direct payments to institutions for tuition, fees, books, and educational supplies. A Congressional investigation headed by the late Olin E. Teague found abuse of the W.W. II G.I. Bill by some educational institutions. Largely because of Mr. Teague's findings, subsequent G.I. Bills from Korean and Vietnam era veterans contained no direct payments to institutions for tuition or other educational expenses. Instead, they paid the entire educational benefit to each veteran in monthly checks for each month of enrollment in an approved educational institution. From the government's standpoint this approach simplified auditing the G.I. Bill program because payments were made only to veterans instead of institutions and veterans.

Mr. Chairman, another important advantage to using the Korean era and Vietnam era form of paying educational benedits is recruitment to military service. Congress must be mindful of the cost of a new G.I. Bill and will be searching for attractive and affordable benefits. Direct payment of tuition and fees to institutions will be a factor in calculating the overall cost of a new bill and it will reduce the size of monthly payments made directly to veterans. In other words, the more dollars set-aside for tuition and fees, the fewer dollars available for direct payments to veterans. Since it is individuals that are being recruited, not postsecondary institutions, larger payments to individuals are stronger incentives than a combination of smaller payments to individuals and direct tuition payments to educational institutions.

It is also important to consider who the Armed Forces are trying to recruit. They want high school graduates from the middle quartiles of their graduating high school classes, persons who have mastered the basics of reading comprehension, verbal and written expression, and mathematical computations and concepts. They want young men and women who can quickly learn technical skills, who will persevere until an assignment is accomplished, and who are interested in advancing into more demanding and responsible position. These are persons who will become noncommissioned officers. Some will re-enlist and become warrant and commissioned officers. Servicemembers who serve on active duty for three or more years and then enroll in a postsecondary school will be interested in building on their technical training. They are likely to enroll in institutions that offer a variety of occupational programs that award associate and baccalaureate degrees. The majority of these are low-cost, public colleges. This makes the size of the monthly payment to the veteran much more important than direct payment of tuition and fees to an institution.

Mr. Chairman, it seems to us that the Armed Forces are not targeting their efforts toward persons in the highest ten percent of high school graduating classes. Most often those persons go directly to college, many enrolling in high-cost, selective institutions. Some will be interested in military service, but as commissioned officers. They will attend Service Academies or enroll in Officer Training programs to earn a commission. They are least likely to be interested in joining the Armed Forces as an enlisted member.

The size of monthly payments is an extremely important consideration. Assuming monthly payments are for tuition and other educational expenses, in addition to subsistence, $400 a month is a minimum figure for a single person. Although this is greater than benefits currently paid, benefits that fall far short of actual costs, benefits paid by a new G.I. Bill would not begin for three years. All economic signs forecast continued, sizable annual inflation rates during the next three years. It is virtually certain that what cost $342, which is the current monthly payment for a Vietnam era veteran with no dependents, will cost more than $400 in three years. There should also be an allowance of at least $50 a month for veterans with dependents. A provision for increasing monthly benefits for servicemembers who stay on active duty beyond three years, a so-called supplemental educational assistance allowance, would be a strong retention incentive and a timely addition for older servicemembers who frequently have more dependents.

ELIGIBILITY PERIOD

We support an eligibility period of ten years from date of separation from active duty to use educational assistance benefits. This ten year delimiting period is consistent with the time accorded Vietnam era veterans.

We are pleased with the sensitivity many of the Senate bills display with respect to veterans whose entitlement will expire during enrollment in an approved program of education. Proposals introduced by Senators Cranston, Warner, Pressler, Thurmond and Armstrong would provide that the period of entitlement be extended to the termination of the quarter or semester. We strongly support this provision. Federal policy should not be such that we "pull the rug" from veterans whose entitlement expires during the middle of a term or semester.

EDUCATIONAL LEAVE OF ABSENCE

We recommend a one year leave of absence for each two additional years of active duty which servicemembers will serve.

This option could encourage more servicemembers to re-enlist because of the opportunity they would have to enhance their skills without having to leave military service. The leave of absence would permit the servicemember to finish the second year toward an associate degree or the fourth year toward a baccalaureate degree on a full-time basis. This could provide the impetus for enlisted members to apply for a commission which could enhance their military career.

TRANSFER OF ENTITLEMENT TO DEPENDENTS

We strongly support the concept of authorizing the Secretary of Defense to allow a servicemember to transfer educational benefits to a dependent, child or spouse. We view this provision as the major retention feature of any bill reported out by this Committee. Moreover, we believe the servicemember should be able to transfer his or her entitlement after eight years of continuous active duty.

ADMINISTRATION AND FUNDING

We recommend that the payment of educational assistance allowances be administered by the Veterans Administration because VA already has the administrative machinery and expertise needed to do it. Other proposed benefits, such as the transfer of entitlement, the educational leave of absence, and similar provisions should be paid by the DoD.

Mr. Chairman, thank you for the opportunity to testify before this distinguished Committee.

Mr. NICHOLS. All right, sir.

STATEMENT OF ROBERT O. RIGGS, PRESIDENT, AUSTIN PEAY STATE UNIVERSITY, TENN., REPRESENTING THE AMERICAN ASSOCIATION OF STATE COLLEGES AND UNIVERSITIES

Mr. RIGGS. I am Bob Riggs, president of Austin Peay State University, representing the American Association of State Colleges and Universities.

Mr. Chairman, I also believe you have a letter from the president of the National Association of State Universities and Land Grant Colleges, in which they indicate their substantive agreement with this testimony that I will give.

The American Association of State Colleges and Universities is deeply interested in proposed peacetime GI bills and military educational incentive legislation.

Our institutions have educated hundreds of thousands of veterans after the past three wars. We are also working closely with the military as the lead agent for the servicepersons opportunity college. This program coordinates the on-post education offered by hundreds of colleges, 4-year and 2-year, public and private, on the various military installations throughout the world.

I am pleased to serve as a member of the National Advisory Committee to the SOC program. Also, on a personal note, I would like to report to you that I am a veteran and was very fortunate to be a recipient of the GI bill as I completed my graduate studies.

This morning we understand that we are invited to comment on general principles which might be utilized in developing a peacetime GI bill. Accordingly, I will comment on four such general principles.

First, we believe that peacetime GI bill benefits need to be adequate to permit the veteran and his family to meet today's higher cost of higher education. A major problem which we see with several of the proposed bills is that the benefits proposed are simply not high enough to meet today's rapidly escalating cost of higher education.

A few years back the Educational Testing Service conducted a study for the Veterans' Administration to determine the level of participation of veterans by the various States in the GI bill. The findings of that study were two.

First, the rate of participation of veterans by States varied tremendously. For example, in California 37 percent of the veterans participated; in Florida, 32. On the other end of the spectrum, in Indiana only 14 percent of the veterans were participating, and in South Carolina, something like 18 percent.

The second substantive finding of the study was that the rate of veteran participation varied inversely with the cost of public higher education in the respective States; that is, as the cost of higher education goes up, we find veteran participation drops off.

Since this study was made, the benefits for the Vietnam era veterans have risen, but not as rapidly as the cost of tuition and other costs associated with receiving a collegiate education.

Many public institutions across the country have experienced a tremendous increase in the cost during this fall, and we believe the rapidly escalating cost of public higher education will continue in the years ahead.

Therefore, we urge again that benefits be high enough to allow veterans the chance for a college education, whatever their place of residence.

We also believe that any GI bill should include dependency allowances. Most veterans today are likely to be married during their service, or soon after service, and many will have children and families to support while they pursue a collegiate education.

The second general principle that we would like to suggest to you this morning concerns benefit levels. H.R. 1400 provides a basic benefit of $300 a month, with no dependency allowances, for veterans who have completed 3 years of active duty, or a comparable Reserve commitment. An additional $300 a month, or $600 in all, would be paid for 6 years duty, or again a comparable Reserve commitment.

We believe that $300 a month is not adequate, in view of today's rising costs. We would prefer at least the level of S. 7, for example, providing $400 a month.

For the academic year 1980-81, the total cost of the average 2-year public college to which a student commutes is estimated at about $2,700 a year, including $464 tuition, according to the College Scholarship Service.

The cost of a public 4-year residential college or university is about $3,400, including $706 tuition. Costs of residential private colleges averaged about $6,000, including $3,279 tuition.

All these costs are rising very rapidly each year, and in some States are already much higher than just reported. For example, in Tennessee this year our tuition cost in public institutions increased 30 percent.

A third comment would be on proposals which we have heard concerning the percentage of tuition. Under this proposal a plan is suggested whereby the Government would pay a percentage of tuition, perhaps 80 percent of tuition and fees up to a total of $2,500 per year, plus a monthly living allowance.

The principal reason suggested for this is to discourage veterans from attending lower cost public colleges and universities and encourage them to attend private colleges. We believe this proposal is wrongheaded for two or three reasons.

About 80 percent of both veterans and nonveterans today go to public colleges, a higher percentage in many States. One reason is cost and the geographic availability of public colleges. Another is that in most States public colleges offer a range of vocational and technical programs not available at many private colleges. A third is that public colleges are often more accessible to part-time students.

Most college students today are part-time and often working their way through, and this we believe to be particularly true of the veteran. Additionally, many Vietnam era veterans did attend private colleges. Their rate of attendance was almost as high as that for the population as a whole. Therefore, they were not barred by the lack of a percentage tuition plan.

In summary, it is our belief that any such formula would simply penalize the great majority of veterans who would choose public colleges anyway, and not really help private colleges.

If the purpose of a peacetime GI bill is to recruit better people to the military, we believe a percentage would simply be a disincentive to recruitment.

The final general principles that I would cite would concern the proposal for educational incentives for career military service personnel.

H.R. 1400 includes some very creative approaches to encouraging career people to stay in the military. We would like to cite two of these as being of particular promise.

First is transferability of benefits. Subchapter IV of H.R. 1400 would make it possible for a serviceman or woman to transfer benefits after 10 years or more on active duty to a spouse or children. This proposal we believe has met with a great deal of enthusiasm among the military personnel, and we believe that it has great potential.

A second proposal is that for educational leaves. Section 706 of H.R. 1400 would permit a military person to take up to 2 years to pursue a collegiate education. This program would be controlled in various ways.

It would require command approval, and the servicemen would be required to give 2 additional years of active duty for each year of leave. Nevertheless, this constitutes, we believe, another important incentive for career military personnel.

In closing, let me say that it seems to us that a package of benefits along the lines of H.R. 1400 would assist in both recruiting more qualified people and encouraging many of them to stay in. We hope that these and other approaches suggested in other bills before this committee will receive thorough consideration.

I certainly appreciate the opportunity to appear this morning.

Mr. NICHOLS. Thank you, sir.

WRITTEN STATEMENT OF ROBERT O. RIGGS

The American Association of State Colleges and Universities (AASCU) is deeply interested in proposed peacetime G.I. Bills and military educational incentive legislation. Our institutions have educated hundreds of thousands of veterans after the past three wars. We are also working closely with the military as the lead agent for the Servicepersons Opportunity College (SOC) program, which involves many hundreds of colleges, four-year and two-year, public and private, working on military bases all over the world in off-duty education programs. I serve as a member of the National Advisory Committee to the SOC program.

We understand that we are being asked to comment on general principles which should be considered in drafting such legislation, and not necessarily on specific bills, such as H.R. 1400, reported unanimously from the House Committee on Veterans Affairs.

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I. A GENERAL PRINCIPLE ABOUT BENEFITS

Peacetime benefits need to be adequate to meet today's higher education costs.

A major problem with several proposed bills is that benefits are simply not high enough to meet the costs of college. Several years ago, the Educational Testing Service made a study for the Veterans Administration of participation in the Vietnam-era G.I. Bill, by states. This was at a time when benefit levels under that program were much lower than they are today.

The E.T.S. study discovered amazing differences in utilization of the G.I. Bill from state to state, very closely related to public college tuition levels. For example, taking the states represented on the House Subcommittee, they found the following:

HOUSE ARMED SERVICES SUBCOMMITTEE ON MILITARY PERSONNEL AND COMPENSATION

Representative and State or territory	Percent GI bill use [1]	Ranking in United States
Nichols—Alabama	21.9	21
Montgomery—Mississippi	21.1	27
Aspin—Wisconsin	22.1	20
Won Pat—Guam	([2])	([2])
Bryon—Maryland	21.1	28
Skelton—Missouri	21.6	23
Bennett—Florida	26.1	15
White—Texas	25.7	17
Mitchell—New York	21.3	25
Holt—Maryland	21.1	28
Hillis—Indiana	14.3	49
Hopkins—Kentucky	16.4	47
Hunter—California	37.0	1
Hartnett—South Carolina	18.4	39

[1] The percentage refers to veterans who had ever used their Vietnam-era G.I. benefits.

[2] No answer.

Source: "Final Report on Educational Assistance to Veterans," Senate Committee on Veterans Affairs, Sept. 20, 1973, p. 38. Dr. John Mallan, now Vice President for Governmental Relations at AASCU, served as a member of the ad hoc advisory council for the study.

In other words, veterans in states with low public college tuition, such as California and Arizona, had a far greater chance to attend college than those in high public tuition states such as Pennsylvania and Vermont.

Since the study was made, Vietnam-era benefits have risen—but tuition and other college costs have also risen astronomically. G.I. Bill utilization rates by state are still comparable. Many public colleges in all parts of the country have become considerably more expensive, and rates are expected to go much higher this fall and over the next few years. Costs at private colleges, of course, are much higher.

Therefore, we would urge again that benefits be high enough to allow veterans the chance for college, whatever their state of residence. We also believe that any G.I. Bill should include dependency allowances. Most veterans today are likely to be married during or soon after service, and many will have children.

II. BENEFIT LEVELS

H.R. 1400 provides a basic benefit of $300 a month, with no dependency allowances, for veterans who have completed three years of active duty, or a shorter period plus reserve duty. An additional $300 a month, or $600 in all, would be paid for six years duty, or a shorter period with reserve duty.

We believe that $300 a month is not adequate, in view of today's rising costs. We would prefer at least the level of S. 7, for example, providing $400 a month.

For the academic year 1980–81, the total cost of the average two-year public college to which a student commutes is estimated at about $2,753 a year, including $464 tuition, according to the College Scholarship Service. The cost of a public four-year residential college or university is about $3,409, including $706 tuition. Costs of residential private colleges averaged about $6,082, including $3,279 tuition. Proprietary (profit-making) schools averaged about $2,500 a year. All of these costs are rising rapidly each year, and in some states are already much higher.

III. A COMMENT ON "PERCENTAGE OF TUITION" PROPOSALS

Some spokesmen have suggested a plan under which the government would pay a percentage of tuition, perhaps eighty percent of tuition and fees up to a total of $2,00 per year, plus monthly living allowance.

The principal reason suggested for this is to "discourage" veterans from attending lower-cost public colleges and encourage them to attend private colleges. The reasoning, similar to that which has been cited in debates over student aid legislation and tuition tax credit legislation, is as follows:

It is argued that if the government pays eighty percent of tuition, a student going to a public, four-year college costing $700 will get only $560, while a student at a private college would get $2,500. Both would receive the same living allowance. It is then argued that if a student finds he can get "only" $560 rather than $700, he will feel that he "might as well" go to a private college, where he will get $2,500—but where he will need additional large sums to finance the total cost of education. This, we feel, is Alice-in-Wonderland logic.

About eighty percent of both veterans and non-veterans today go to public colleges—a higher percentage in many states. One reason is cost and the geographic availability of public colleges. Another is that in most states public colleges offer a range of vocational and technical programs not available at many private colleges. A third is that public colleges are often more accessible to part-time students. Most college students today are part-time and often working their way through; many veterans are likely to attend college the same way.

Many Vietnam-era veterans did attend private colleges—almost as high a percentage as that for non-veterans, as the Educational Testing Service pointed out. They were not barred by the lack of a "percentage tuition" formula.

It is our belief that any such formula would simply penalize the great majority of veterans who would choose public colleges anyway, and not really "help" private colleges. If the purpose is to recruit better people to the military, we believe a percentage would simply be a disincentive to recruitment.

IV. EDUCATIONAL INCENTIVES FOR MILITARY SERVICE

H.R. 1400 includes some very creative approaches to encouraging career people to stay in the military, worked out in extensive hearings at military bases and testimony from people from all enlisted and officer ranks, who expressed a good deal of enthusiasm for these ideas.

We would urge the Congress to give careful consideration to such ideas. In addition to making possible the use of G.I. benefits while on active duty if a serviceman wishes to do so, there are two main ideas:

Transferability of Benefits.—Subchapter IV of H.R. 1400 makes it possible for a serviceman or woman to transfer benefits after ten years or more on active duty to a spouse or children. House Veterans Committee hearings revealed a great deal of enthusiasm by the military about this approach. Providing for the college education of one's children or spouse has a great appeal to many members of the service.

Education Leaves.—Section 706 of the bill permits educational leaves up to two years, to permit a serviceperson to complete an educational program. This right is limited in various ways; it is at the discretion of the military, and the person must agree to serve two more years for every year of leave granted. Nevertheless, this constitutes another way to encourage personnel to stay in service, and also upgrade their abilities either for military or postmilitary duty.

It seems to us that a package of benefits along the lines of H.R. 1400 would assist in both recruiting more qualified people and encouraging many of them to stay in. We hope that these and other approaches suggested in other bills before this Committee will receive thorough consideration.

STATEMENT OF BERNARD H. EHRLICH, GENERAL COUNSEL, NATIONAL HOME STUDY COUNCIL, REPRESENTING THE NATIONAL TECHNICAL SCHOOLS OF LOS ANGELES

Mr. Ehrlich. I am Bernard Ehrlich, general counsel for the National Home Study Council. I have served as general counsel to NHSC and been involved in home study education for over 30 years.

I have prepared a written statement entitled "Career Training by the Correspondence School Method—Why It Must Be Preserved in the All-Volunteer Force Educational Assistance Program."

In the interests of time, this statement was distributed to you. I urge you to read it carefully and would appreciate having it included in today's record.

My purpose here is to comment on why the correspondence school method must be preserved in the All-Volunteer Force educational assistance program.

I wish to make it clear we endorse the comments of the then presidential candidate Reagan speech held in Boston, Mass., on August 20, 1980, in which he stated:

> We must provide resources to attract and retain superior people in each of the services. We should take steps immediately to restore the GI bill, one of the most effective, equitable and socially important programs ever devised. In short, our country must provide these persons and their families with the quality of life that is equitable to the sacrifices they make on our behalf.

We also support the concepts outlined in H.R. 1400 which are attempting to solve the recruitment and retention problems of our Armed Forces.

We submit that home study schools have done the Nation a service by providing quality, career-educational training to over 50 million people since 1900. Over 1 million of them have been veterans and service people.

Why should it be considered in meeting the objectives of an All-Volunteer Force educational assistance program? The following are what we consider to be the very best reasons for providing this benefit to those in our Armed Forces.

One, correspondence training is the most inexpensive method of training people for the world of work today. Home study tuitions average $1,000 less than resident-school tuition.

Two, correspondence schools provide job training in skill areas of critical national value, such as electronics technology, computers, engineering topics.

Three, correspondence training is effective. The largest supplier of correspondence courses in the United States is the military. The various armed services today train 1 million students a year using this cost-effective method.

Four, correspondence training was the top choice of active duty service persons. Over one-third of the Vietnam era service persons chose correspondence schools as their method of study.

Five, in terms of national priorities, Federal-education dollars should first be targeted to those individuals who choose to serve in the Armed Forces. In order to recruit and retain personnel in the armed services, educational assistance benefits will be necessary if we are to secure high quality recruits.

Six, if we ever hope to get the best qualified people in the military and keep them there, home study must be offered as a benefit. In fact, by providing home study training it will not be an incentive to leave the Armed Forces, but would instead encourage people to make the military a career.

Seven, the provisions of H.R. 1400 provide for in-service enrollment in a program of education. Correspondence school programs would enable these individuals to get additional skills without the necessity of leaving active service.

In summary, the providing of correspondence programs under an All-Volunteer Force educational assistance program would enable the Armed Forces to attract and retain the best qualified people in our military at a time when our need is the greatest for these people. This would be accomplished in the following manner:

(*a*) Recruits would be attracted to the military by knowing they could continue their education with correspondence school courses at extremely low cost to the Government.

(*b*) The problem of retaining qualified people in our military could be alleviated in large measure by allowing them to take correspondence courses to supplement whatever training they get in the Armed Forces.

(*c*) Since more than 1 million students a year use course training in the U.S. military, and over one-third of the Vietnam-era service people chose correspondence courses as the method to study, it would appear this cost-effective type of education would be attractive to Armed Forces personnel, and it would be essential to provide these people with the quality of life that is equitable to the sacrifice they make on our behalf.

(*d*) We remind the committee that in order for correspondence schools to maintain VA eligibility today they must be able to demonstrate for each of their courses that 50 percent or more of their graduates are employed in the field for which they were trained.

What better proof could we have of the effectiveness of these programs? We therefore urge this committee to consider giving support to this educationally effective, energy efficient, low cost way to train veterans and active-duty personnel, particularly those who form the All-Volunteer Force in the armed services.

Thank you for the opportunity of appearing before you and giving this testimony.

SOME FACTS ON CORRESPONDENCE STUDY

1. Correspondence training is the most inexpensive method of training people for the world of work today. Home study tuitions average $1,000 less than resident school tuition.
2. Correspondence schools provide job training in skill areas of critical national value: electronics technology, computers, engineering topics, etc.
3. Correspondence training is effective. The largest supplier of correspondence courses is the United States Military. The various armed services train one million students a year using this cost-effective method.
4. Correspondence training was a top choice of active duty service persons: over one-third of the Vietnam-era service persons chose correspondence schools as their method of study.
5. In terms of national priorities, federal education dollars should first be targeted to those individuals who choose to serve in the armed forces. In order to recruit and retain personnel in the armed forces, educational assistance benefits will be necessary if we are to secure high-quality recruits.
6. If we ever hope to get the best qualified people in the military—and keep them there—home study must be offered as a benefit. In fact, by providing home study training, there will not be an incentive to leave the armed forces but would instead encourage people to make the military a career.
7. The provisions of H.R. 1400 provide for in-service enrollment in a program of education. Correspondence school programs would enable these individuals to get additional skills without the necessity of leaving active service.
8. In summary, the providing of correspondence programs under an all-volunteer force educational assistance program would enable the armed forces to attract and

retain the best qualified people in our military at a time when our need is the greatest for these people. This would be accomplished in the following manner:

a. Recruits would be attracted to the military by knowing that they could continue their education with correspondence school courses at an extremely low cost to the government.

b. The problem of retaining qualified people in our military could be alleviated in a large measure by allowing them to take correspondence courses to supplement whatever training they get in the armed forces.

c. Since more than one million students a year use correspondence training in the United States Military, and over one-third of the Vietnam-era service people chose correspondence courses as a method of study, it would appear that this cost-effective type of education would be attractive to armed forces personnel; it would be essential to provide these persons with a quality of life that is equitable to the sacrifice they make on our behalf.

d. We remind the Committee that in order for correspondence schools to maintain V.A. eligibility today, they must be able to demonstrate, for each of their courses, that fifty percent or more of their graduates are employed in the field for which they were trained.

What better proof could we have of the effectiveness of these programs?

WRITTEN STATEMENT OF BERNARD H. EHRLICH

STATEMENT OF BEHALF OF THE NATIONAL HOME STUDY COUNCIL

I am Bernard H. Ehrlich, General Counsel of the National Home Study Council. I have served as General Counsel to the National Home Study Council and have been involved in home study education for over thirty years.

Before final action is taken on H.R. 1400, I urge that consideration be given to this statement and to the distinguished record that correspondence schools have achieved in helping active duty persons and veterans.

The Correspondence School Field

I submit this statement convinced that home study has been of appreciable help to active duty persons and veterans. It is an education method that is better understood by armed forces personnel and the everyday man-on-the-street than by most professional educators, legislators and regulators. It is an unusual combination of educational product and service that is used in many ways, but by-and-large, it is the kind of education that appeals to people who can't or won't take advantage of more conventional educational methods.

Today, more than three million Americans are enrolled in correspondence courses. It is estimated that since 1900, over 50 million Americans have taken correspondence courses.

The National Home Study Council (NHSC) schools offer more than 500 different academic and vocational courses by mail, such as: accounting, appliance repair, automotive mechanics, automation, business administration, data processing, electronics, hotel-motel management, law enforcement, microcomputers, surveying, and hundreds of other courses. Some unique courses are not offered in resident schools. All of these courses make use of specifically written texts and quite often include audio tapes, sample materials, and practical "hands on" training. Course lengths range from one to four years. The vast majority of schools enroll and teach students entirely through the mails.

Over the years, home study schools can point to a solid record of achievement in providing valuable service to the nation and to many veterans who, without the benefits of home study, would surely have been denied an opportunity for education or training. Since the founding of the first private home study school in 1890, these schools have continued to meet a need not met by traditional education.

More importantly, we should realize that, if we are to attract highly qualified men and women into the military today—and keep them in the service—home study training should certainly be one benefit which is offered to them because, as the data show, home study is a top choice of active duty people.

Home study has been an ideal educational alternative for service persons and veterans, including:

1. The homebound individuals—who, because of society's barriers, lack of transportation, or a handicap, cannot take advantage of local educational resources. Students may be in hospitals or prisons—but they can continue their education, nonetheless.

2. The geographically isolated—thousands of individuals whose primary source of educational opportunity may well be the school which uses the postal system. Tens of thousands of active duty service people over the years have fit this classification.

3. The busy adult—NHSC surveys reveal that the typical home study student is in his or her mid-thirties, beyond the age when most of us receive our formal schooling. Many returning veterans, unable to devote their time to classroom study, opted to study by mail while they struggled to get re-established in society, support a family, and earn a modest living while still trying to gain, or update, a salable civilian skill.

The National Home Study Council

The National Home Study Council, founded in 1926 under the cooperative leadership of the Carnegie Corporation of New York and the National Better Business Bureau, is usually referred to as NHSC. It is a non-profit educational association of more than 90 accredited home study schools. NHSC is nationally known and its Accrediting Commission is nationally recognized. NHSC schools are located in 23 states and the District of Columbia. The Association is financed entirely by dues paid by members. While the Council is a non-profit association, it receives no financial assistance of any kind from the government.

The independent nine-member Accrediting Commission of the National Home Study Council was established in 1955. Shortly thereafter, it gained the approval of the U.S. Department of Education as the "nationally recognized accrediting agency" for home study schools. The Accrediting Commission includes five public members (representatives from the fields of industry, post-secondary education, business, government, and counseling), and four members from the field of home study education.

Home Study and the Veteran

For the veteran or active duty person, home study has long been an accepted way of acquiring a career skill in a convenient, effective way. During the late 1960's and early 1970's, of all active duty service personnel using G.I. Bill benefits, over half of them used their benefits to enroll with a correspondence school. The barriers of time and space did not prevent these people from preparing to make a smooth reentry into the peace-time work place. Home study was there to help them. And it did!

In fact, a publication entitled "Veterans Benefits Under Current Education Programs (IB 04-77-1)," published by the Veterans Administration, reported the following:

More than 1.1 million veterans and service personnel have studied correspondence courses during the period 1966–1976. This represents 17.8 percent of the total of all G.I. Bill students enrolling in all types of schools.

More than 33 percent (or 240,198) of the service personnel on active duty using G.I. Bill benefits enrolled in correspondence courses.

The report states: "Almost all correspondence training has been taken at schools other than colleges." In fact, 99.2 percent of the students studied with private home study schools . . . the vast majority of them with NHSC schools.

For peacetime post-Korean veterans, more than 23 percent (or 324,510) of the students elected to study by correspondence. Stated the Veterans Administration: "The relatively high incidence of correspondence training among trainees who are peacetime post-Korean conflict veterans probably reflects the fact that for many of these older, more established veterans, correspondence in the only type of training flexible enough to fit their more rigid family and job requirements."

In the 1980's we face new challenges as a nation: preserving our liberty by maintaining a strong defense posture. The key asset to a strong military is to have a cader of educated, talented people. And, if we ever hope to get the best qualified people into our military—and keep them there—home study training must be offered as a benefit.

The Benefits and Advantages of Home Study

One of the central advantages of the home study method has been its flexibility. In a 1976 Veterans Administration report, Senate Committee Print No. 49 (94th Congress) entitled "Training by Correspondence Under the G.I. Bill," it was stated:

Correspondence training has a much lower average cost than other types of training. And correspondence training is convenient. Potential trainees, who would have to give up their job or suffer some other inconvenience to take other types of training, can often use their spare time to take correspondence training, as can many service personnel whose duties preclude other types of training. In addition, correspondence training has the attribute of less foregone earnings than other types of training training because it can be taken in the trainee's spare time. It, therefore, requires no living expense subsidy in addition to tuition.

Other factors explaining the popularity of home study includes:

1. Home study is one of the lowest cost types of education. In a 1976 National Center for Education Statistics Report, "Learning a Skill Through Correspondence," it was stated: "Correspondence programs cost less, on the average, than those taken in resident schools. In 1976, the average charge for all correspondence programs was $698, and $1,693 for non-correspondence programs." A similar study by NCES affirmed this wide gap in 1978.

Here is another specific example.

Electronics Technology Course (Veteran with 3 Dependents)

Home Study

70 percent times $1,200 tuition equals $840 paid by the government.

12 months times $493 equals $4,056 costs paid by the government.

It's simple arithmetic. The Federal Government would save $3,216 on just this one typical case.

2. Home study is a valid educational alternative. More than two dozen research studies over the past 50 years have shown ". . . the research seems clearly to indicate that correspondence students perform just as well as, and in some cases better than, their classroom counterparts." (Source: Correspondence Study: A Summary Review of the Research and Development Literature by David E. Mathieson, 1970).

3. The single largest supplier of home study in the world is the U.S. Military. To active duty personnel, home study training is an integral part of every career person's training portfolio. For example, the Extension Course Institute of the U.S. Air Force enrolls over 300,000 students. The U.S. Army enrolls over 280,000 students and has over 2,000 courses. Other service correspondence schools include the U.S. Navy and the U.S. Coast Guard. Most of these schools have been operating for 50 years of more.

The Air Force, Army, U.S. Coast Guard, and Marine Corps correspondence schools, through their own volition, applied for and are all accredited by the Accrediting Commission of the National Home Study Council. The military has identified correspondence study as one of the most cost efficient training methods available.

4. The Federal Government is the single largest supplier and user of correspondence instruction in the United States. In 1973, nearly two million students were enrolled by government agency correspondence schools, almost 50 percent of the home study student body in America.

Federal agencies with correspondence schools include the Federal Aviation Administration, the U.S. Department of Agriculture, the Department of Transportation, the U.S. Postal Service, and the Office of Personnel Management, to name a few.

The government has found home study to be a flexible, effective teaching method which has been proven to be both economical and "controllable" in terms of educational content and level of educational quality.

5. In a 1976 Stanford University research project entitled Home Based Education, funded by the National Institute of Education, the following major conclusions were reached:

The "large numbers" of students taking the wide variety of courses by correspondence "provide adequate testimony to the need for home-based (correspondence) education."

Correspondence instruction is relatively inexpensive and "it will continue to have a robust future for the rest of this century."

The Place of Correspondence Training Under the All-Volunteer Force Educational Assistance Program as Contained in H.R. 1400. We feel that in terms of national priorities, federal education dollars should be targeted first to those individuals who choose to serve in the armed forces.

In a speech before delegates to The American Legion convention held in Boston, Massachusetts on August 20, 1980, Presidential candidate Ronald Reagan said: "We must provide the resources to attract and retain superior people in each of the services. We should take steps immediately to restore the G.I. Bill, one of the most effective, equitable and socially important programs ever devised. In short, our country must provide these persons and their families with a quality of life that is equitable to the sacrifices they make on our behalf."

In response to the recruitment and retention problems in our armed forces, the House Committee on Veterans' Affairs has reported out H.R. 1400, The Veterans' Educational Assistance Act of 1981. The purposes of this bill are:

1. To provide a new educational program to assist in the readjustment of members of the armed forces to civilian life after their separation from military service;

2. To promote and assist the various programs of the armed forces by establishing a new program of educational assistance to aid in the recruitment and retention of highly qualified personnel for both the active and reserve components of the armed forces; and,

3. To give special emphasis to providing educational assistance benefits to aid in the retention of personnel in the armed forces.

We submit that home study schools have done the nation a service by providing qualify career vocational training to over one million veterans. If anything, home study should be commended by Congress for helping to reach out and enhance the employability of veterans who might never have taken any other avenue toward employability.

We submit that the restoration of a significant non-contributory educational benefit will help attract a steady stream of highly-qualified recruits to the armed forces. Such educational benefits must include correspondence school courses, which were taken by over one million veterans and service personnel and, perhaps even more importantly, more than one-third of the service personnel on active duty used their benefits to enroll in correspondence courses.

We submit that to aid the retention of personnel in the armed forces, correspondence courses are both desirable and necessary. Providing this kind of program for those in the armed forces will enable military personnel to get valuable additional training without leaving the military. No other form of education can help to give the kind of training needed by military personnel and still keep them in military service. Correspondence training is ideally suited to giving our armed forces personnel the kind of programs they need while still keeping them in the military. We again note that more and more service personnel are attracted to home study courses because the various armed forces trained over one million students a year using this cost-effective method.

We submit that not only will correspondence courses help to attract highly-qualified people in the military and retain them, but in addition—a most important addition—will provide these educational benefits at the lowest possible cost to the government; we have valuable education and training with the most cost-effective method of education.

Preserve Home Study for a Strong America

Home study education has done the nation a service by providing quality correspondence training to over one million veterans and service personnel. Home study correspondence courses provide additional benefits to service personnel with over one million students a year being enrolled in U.S. Military correspondence courses and schools.

We face a need in our society to provide our veterans and service people with more ways to obtain specific job-related training. We must make better use of alternative forms of education like home study which are, by their nature, well-equipped to fill critical gaps in our educational system.

Correspondence training will continue to grow in the military, in the government and in civilian circles because there will be future generations of citizens who won't be able to report regularly to a classroom to learn, but who, nonetheless, need and deserve the right to study on their own, wherever they wish, at their own learning pace.

America needs home study as never before, and Congress should support this educationally effective, energy efficient, low-cost way to train veterans and active duty personnel—particularly those who form the all-volunteer force in the armed forces.

Mr. NICHOLS. Thank you, gentlemen.

We are in a vote right at the minute. We are not going to dismiss the subcommittee, if we can prevent it. Mr. Montgomery will be back shortly.

Let me begin by asking you, sir, in H.R. 1400, there is no specific place in the bill that addresses correspondence schools. Am I correct?

Mr. EHRLICH. That is correct, sir.

Mr. NICHOLS. Would you remind the chairman, as well as the staff people, what the status of correspondence training is, what this Congress has taken in the way of terminating correspondence, and in your judgment, why? I think we would like to know that. The pros and cons. I am sure you would be on one side of that issue.

Mr. EHRLICH. I will try to be fair, sir.

Mr. NICHOLS. Thank you.

Mr. EHRLICH. At the present time our status is that we are somewhat in a no man's land, as Congressman Montgomery is well aware. After much deliberation between House and Senate, legislation was passed that provided for the veterans and in-service personnel to continue to train with home study at 55 percent of their tuition to be paid to them. This was a reduction from 75 percent.

Unfortunately, what then occurred was that the Appropriations Committee eliminated home study from the appropriations. This was followed by a continuing resolution which placed the level of continuing funds to the Veterans' Administration at no higher than that provided by the conference before the Appropriations Committee, which we believe illegally eliminated home study training.

It sounds very confused. We would like to take this opportunity to thank Congressman Montgomery, who is here, for speaking out so forthrightly on the floor of the Congress.

The second part of the question was regarding home study, why is there such a turmoil? I must say, we are not aware of it. We do not know. We have excellent relationships with the Veterans' Administration, and although there may have been problems in the field 10 years ago, we have not had any problems with VA students for at least the last 5 years.

We have trained over 1.1 million students, veterans, and service personnel, and are meeting the 50-percent requirement to show these people are employed in the field for which they train.

We think that we can demonstrate very adequately, and have demonstrated to both the House and Senate committees, that home study training is an appropriate way for many people to get training under the GI bill.

In fact, for service personnel throughout the world, in fact for people who are invalid, in fact for people who cannot go to a residence institution, home study is perhaps the only method, and it is certainly the most cost effective method.

Mr. MONTGOMERY. Thank you.

Since you are a friend of ours and have appeared before our committee on veterans' programs, we appreciate your testimony. The problem we have with correspondence, as you know, is we had to make cuts, so we couldn't have the Veterans' Administration sitting as a sacred cow.

We were trying to figure out ways not to get into the medical programs or get into compensation and pensions. What happened was not aimed per se at the correspondence schools. However, it had been partially continued and, as you have said, is in fact in limbo now as to what will happen to it.

Mr. EHRLICH. I hope something can be done to do this, sir, because unfortunately there are a lot of applications that are now sitting in VA offices throughout the United States with no action being taken on them and students, based on promises, are being let down. I sincerely hope that you can unblock it.

Mr. MONTGOMERY. We certainly will try to get involved in it.

To the other two gentlemen, we appreciate you being here this morning and thank you for, basically, your kind remarks about H.R. 1400.

I was really wondering whether you all were going to get up here and start testifying because you have about as much at stake as any party involved in education. Of course, the Nation gets the best out of it when we educate these young men and women who come into the service and serve their time.

What percentage of the junior colleges and senior colleges, land grant schools, are under some type of GI education—50 percent?

Mr. WILSON. It is not 50 percent, Mr. Montgomery, but it is quite high. I would estimate between 10 and 15 percent right now.

Mr. MONTGOMERY. Then you add the regular student loans of Government and guaranteed loans and grants. That would move it up to 50 percent?

Mr. WILSON. Certainly close to that figure, yes.

Mr. MONTGOMERY. I think that is what I meant. Is that basically it?

Mr. RIGGS. I think that is certainly correct. All Federal subsidies would be at least 50 percent.

Mr. MONTGOMERY. At most of our small and large junior and senior colleges, 50 percent of the students are on some type of Federal subsidy. Well, what has happened to us on this bill is that the contributory VEAP program is not working well in the military where they have to contribute.

We have had three test programs—the educational test programs, where the VA would administer it and the military I think paid for it—those programs have expired. So really, all we have now, if we are going to have any type of educational programs in the military, are these bills that have been introduced by me and others.

I have a question here, that the General Accounting Office in a recent report that I requested, as chairman of the Veterans' Affairs Committee, concluded that the substantial availability of student financial assistance siphons off a significant share of the pool of manpower that might otherwise be available to the military services.

The appropriation for student financial aid was in excess of $5 billion this year, and even with the reductions in the President's budget will be still a substantial consideration of funding in the future.

According to the GAO analysis, taxpayer—financed loans and grants for college students are in direct competition with service recruiting efforts.

My question is twofold. First, what effect would a new GI education bill have on this situation; second, in view of the present state of the Nation's budgetary woes, why should we not require military service as a condition of Government-educational assistance?

Mr. RIGGS. Let me comment on one aspect of that if I could. I am not only a college president, but a lieutenant colonel in the Marine Reserve and CO of a unit back in Tennessee.

Mr. MONTGOMERY. Incidentally, H.R. 1400 doesn't have the Reserve and National Guard included, but the reason we didn't is because that section of the bill would come under the jurisdiction of this committee. I will offer an amendment that would be for $140 a month for 36 months for a reservist who comes in and stays in for 6 years, and it will be for both officer and enlisted personnel.

I just brought that up because you gave me the opportunity. It is not in there and you hadn't had a chance to research it.

Mr. RIGGS. What you have just suggested I think from the Reserve standpoint would be a tremendous incentive in the ability of Reserve units to recruit personnel into the Reserves. I think an availability of a GI bill would be tremendous for that facet of the military. That is again a grass roots opinion.

Mr. MONTGOMERY. We raised this amount—somebody, Mr. Wincup, I believe, said we ought to. I shouldn't tell how we do business around here sometimes. He said why don't we raise that $2,000 for the reservists to $4,000 in the authorization bill. So we offered the amendment. It was accepted. The Army Reserve generally has increased by, oh, almost 300 or 400 percent, due to raising the educational program to that level. In fact, about all we have got in the GI bill is for reservists, the way we have it—contributory.

Mr. RIGGS. That was simply my comment. I guess from my myopic point of view, the availability of the GI bill would be a very great incentive for recruiting young men and women into the Reserves. I think the situation as it stands now, of course we are seeing some cutbacks in other Federal student aid programs, but really there is no educational incentive as it currently stands, for a young man or young woman to affiliate with the military Reserve. If they qualify, he or she can receive a Pell grant or subsidized loan and go on to the college or university. Really, there is no incentive to affiliate with the Reserves.

I think with the availability of the bill for Reserves at the same time we are seeing cutbacks with the Pell grant and other subsidized programs would absolutely be a great incentive to Reserve recruitment.

Mr. MONTGOMERY. Maybe I got a little off course. Do you want to tackle what effect the new GI bill would have on the school situation per se?

Mr. RIGGS. In terms of veterans—I am sorry, I may not have understood your question.

Mr. MONTGOMERY. Actually, what I was saying was, in this question, that in the student financial aid, you really have no military obligation in most cases. Students do get 25, 30 percent of this aid. Is it in direct competition with our trying to get people into the military service, that is the question.

Mr. RIGGS. I think in my judgment, as I indicated earlier in my testimony, the cost of attending a college or university is rising astronomically. I think if we suddenly did not have Pell grants or other Federal financial aid programs, many young men and women would not be able to attend colleges and universities, or find it extremely difficult. So if there are cutbacks there, and at the same time you had a very attractive GI bill, I would certainly think that

that would be an incentive to enter the military with the hope that the GI bill could ultimately be used to get a college education.

So I think that that would be a incentive. I guess that is a roundabout way of approaching your question, but if we cut back in one area, and subsidize or create a new GI bill, I think it would be attractive to a great many young men and women.

Mr. **Montgomery**. Would anyone want to tackle the second part of the question—why should we not require military service as a condition of Government-educational assistance? We in effect could make some of these loans with no obligation other than paying it back and being a better educated person for this country. Does that have any merit to it? We don't really have any military obligation required, and should we require that? If they get their educational assistance, have some type of military obligation and service?

Mr. **Wilson**. As you well know, Congressman, that is a very controversial question. I think a lot of us would agree that there should be some form of obligation on the part of the recipients of assistance. To restrict that to the military, I think, is another question. There are other ways obligations could be made and repaid.

One point we ought to keep in mind is that the student aid programs are being dramatically reduced at this moment. The Pell grant, of course, is the basic one for the most needy students. Two years ago that was at $1,800 for an academic year. It is now down to $1,670 and the way things are going, it is going to decline even further.

Mr. **Montgomery**. That is based on the parent's income?

Mr. **Wilson**. Yes, it is.

That was the program intended for those students coming from the lowest-income families. It was really based on the purpose of access. That is, everyone who was eligible and could enter college ought to have an opportunity to go, regardless of their family income. That is declining. The loan programs, of course, are also in jeopardy, and the eligibility there is being reduced. All of this, of course, is going to make a new GI bill all the more attractive to people because it is going be in that sense, a much better offer than they have right now.

Mr. **Montgomery**. Thank you.

Mr. **Riggs**. I would cite—there was one case, the national defense student loan did provide an incentive for military service at one time. That is, a person, when he received the loan and graduated from a college or university, for each year of military service, had 10 percent of that loan forgiven. There were other provisions for forgiveness also, but that is a case of directly encouraging a person to enter the military.

Mr. **Nichols**. Mr. Mitchell.

Mr. **Mitchell**. Thank you, Mr. Chairman.

Mr. Riggs, do you prefer also not to have a separate tuition payment? Do you prefer a package?

Mr. **Riggs**. I certainly agree to the comments Mr. Wilson made. I believe that the GI bill should go to the individual, and not provide a direct payment to the college and university for tuition, yes.

Mr. **Mitchell**. And you also feel that we should increase that additional amount from $300 to $400 a month?

Mr. RIGGS. I certainly do, simply to make it adequate for the young man or woman to be able to get an education.

Mr. MITCHELL. What would you do after the 6-year period, would you jump to $800, or stay at $600 as in H.R. 1400?

Mr. RIGGS. I think the incentive should be to determine, in my judgment, what the total cost of the education would be—a 4-year education. Then there should be a cap. So a veteran, after a number of years of service, could look forward to having a reasonably subsidized 4-year education. I think that at that level, a cap would be appropriate, in my judgment.

Mr. MITCHELL. What do we figure when we are computing monthly attendance, 8 months a year college, 9 months?

Mr. RIGGS. A 9-month term, that is right.

Mr. MITCHELL. I notice at the bottom of page 3, you mention how much education you get for how much money. Cost of an average 2-year public college is $2,700 a year. So $300 a month would just about cover him for that.

Mr. RIGGS. But that is without dormitory or food.

Mr. MITCHELL. Well, he commutes.

Mr. RIGGS. That is right; he commutes.

Mr. MITCHELL. Then the cost of a public 4-year residential college is about $3,400. So you would have to have about $400 a month for 9 months.

Mr. RIGGS. In our institution, which would probably be typical for a full Beog Pell grant recipient, and under the Federal-financial aid formulas, we are figuring about $3,800 per year. This year total cost for a young man or woman to go to a 4-year institution.

Mr. MITCHELL. On page 5, you mentioned that most college students today are part time, or often working their way through. I didn't realize that. More than 50 percent of the people attending college?

Mr. RIGGS. I believe that is correct.

Mr. MITCHELL. Dr. Wilson—are you all doctors or misters, or generals or admirals? Usually that is who we have testifying. You mentioned also that you would like to see that initial amount increase from $300 to $400 a month?

Mr. WILSON. Yes sir, the basic.

Mr. MITCHELL. You probably have been following the dialog nationally about how tight money is and how difficult it is going to be to maintain programs, let alone expand them. And this is a new program. You, I am sure, haven't worked out what that would increase the cost, from $300 to $400 a month for those getting out after 3 years, you haven't done this?

Mr. WILSON. No sir.

Mr. MITCHELL. It is our job.

Mr. WILSON. The current recipients under Vietnam are receiving $342 a month, and it can go into the $400's.

Mr. MITCHELL. I see. You mention you like the transferability feature, and you would like to see it enacted a little sooner?

Mr. WILSON. Yes.

Mr. MITCHELL. After 8 years rather than 10 years?

Mr. WILSON. Yes.

Mr. MITCHELL. All right.

Mr. WILSON. In our judgment this is one of the strongest features in the bill. When you consider the spouses and children to take advantage of that, if they could begin drawing benefits at 8 years instead of 10, that would certainly carry them beyond that magic 10-year barrier which means as far as retirement is concerned, it is downhill from there on?

Mr. MITCHELL. Yes; retirement is a big draw from that point on. Of course, what we are trying to do is keep high quality people in the services. I can see where it would benefit you greatly to lower it to 8 years, but it might not be advantageous to the services to do that.

Mr. WILSON. Well, we think it would be advantageous to the services, too.

Mr. MITCHELL. Thank you, gentlemen.

Thank you, Mr. Chairman.

Mr. NICHOLS. Thank you, Mr. Mitchell.

Well, let me say to the panel that my interest in education runs rather deep. To Dr. Riggs, I would say I serve as a trustee of a land grant institution in my State, and have for a number of years.

And to Dr. Wilson, I recall having introduced the bill that created the Alabama system of junior colleges and trade schools under Governor Wallace. We intended to set up 8 or 10. Every member of the legislature wanted to take one home with him, so we wound up with about 40 or 50.

That leads me to ask this question. I know of the concern in the educational community, particularly the higher education institutions, junior colleges, 4-year colleges, about what may lay in the future here. We see a smaller pool of 18-year-olds. I know at Auburn we are very much concerned we are going to have to raise fees, and are raising out-of-State fees and in-State fees. I think that is fairly common throughout the entire country. I can certainly understand from a purely selfish view, if you want to put it that way, I can understand your interests in an educational bill, GI educational bill.

Would both of you discuss what you see in the future as far as the load of students, and what you want to do in your respective States to stay viable? It is a real problem.

Mr. WILSON. I would disagree somewhat. I don't believe it is a real problem as far as enrollments are concerned. The number of high school graduates has been declining for about 2 or 3 years now. Our enrollments have been going up. In Alabama they have been going up. I agree there may be a few more institutions than the actual need right now, and consolidation is a big topic of discussion.

But looking across the country, the last 2 or 3 years our enrollments have increased 5 percent a year. The reason is most of the students are older. The average age of our students is about 30. Most are part time; 61 percent do attend part time. What is happening is that as technological changes require, job changes require learning new jobs, requires learning new skills just to keep present jobs, the inservice education or training is more and more common for adults. So we don't really think we need more work in that regard. We think there will be plenty of students, because in a sense, almost all adults will be potential students for many of the colleges.

We do believe that the new GI bill is going to be beneficial for the country as well as for specific collegial institutions.

Mr. Riggs. I would take a slightly different tack. I agree with what Mr. Wilson just said. The demographics of the college student today is changing. We are dealing with more adult students, more part-time students. I think the problem that you are alluding to though, is a real one. Nationally we think that something like 50 percent of the high school graduates will be first-time college students in a 4-year or 2-year institution. I believe the figure that I have heard is that the military will require something like a third of the high school graduates in the years ahead.

So 50 percent and 33 percent, and then you are going to have some entering the work force, and there is a problem then when we think about the traditional 18-year-old residential college student. I think there will be some trauma on our campuses and some reduction in enrollment among the various institutions.

Again, long range, I think we are going to be dealing with more adults, people coming back to retrain, veterans who are getting off active duty and want to start a second career and so forth. But I think when you think about the typical land grant institution or regional State university, like my own, there is a real problem ahead.

Of course, the military, from what I read and understand, has a problem, too, in terms of manpower, quality of manpower. The military wants the high school graduate and the very competent young man or woman. In a sense, that is the same clientele the colleges and universities want. So I think from our standpoint, from the standpoint of public institutions, we are going to have to adapt ourselves to serve a somewhat different clientele—more part-time students, more adult students. I think this is inevitable in the years ahead.

Mr. Nichols. I was very much interested in your table that you show here of the respective States. From my State you show that about 21 percent actually use the GI bill. Then you go to Indiana and you show only 14 percent. How do you explain that—you say it is in the cost of education. Certainly I would think in California the cost would be substantially more than in Alabama or Mississippi.

Mr. Riggs. I believe the universities in California are tuition free and may still be, whereas you had a tuition in Alabama.

Mr. Nichols. In my State they have been tuition free up until just a year or so ago. I didn't mean to imply that in any way, shape, or form that they haven't performed and are not now performing a tremendous service to education.

It is interesting to note that you seem to be actually projecting an increase in students, even over these turbulent years that we are talking about when the pool is going to be smaller. Did you say that you anticipated that would come from adults that would be going back to school?

Mr. Wilson. Yes, sir, that is correct. Also, let's keep in mind that the majority of our students—and I believe this is true for the 4-year colleges as well as ours—are women. So it isn't a matter of looking at just the men coming out of high school and what their plans are as far as college is concerned.

Mr. NICHOLS. OK.

Mr. Wincup, do you have any questions?

Mr. WINCUP. No questions, Mr. Chairman.

Mr. NICHOLS. Gentlemen, we thank you very much for your testimony. Your statements will be made a part of the record.

OK, our second panel will be military and veterans' organizations. The panel representing military and veterans' organizations, and if you would just hold up your hand—unfortunately, we don't have name tags for you, you will have to excuse us. We know some of you from way back: Mrs. Judy Pearson, chairman of the Education Study Group, National Military Wives Association; Robert Nolan, National Executive Secretary of the Fleet Reserve Association—we are delighted to have you back before the committee; Brig. Gen. Bruce Jacobs, deputy executive vice president, National Guard Association; Maj. Gen. Michael Schlee, director of National Security and Foreign Relations Division of the American Legion; and Mr. Richard W. Johnson, Jr., national legislative director of the Noncommissioned Officers Association.

All right, you may proceed. I would ask again that you might keep yourselves to a maximum of 5 minutes. We will not call time on you, but we do have a time constraint.

STATEMENT OF JUDY PEARSON, CHAIRPERSON, EDUCATION STUDY GROUP, NATIONAL MILITARY WIVES ASSOCIATION

Mrs. PEARSON. Thank you, Mr. Chairman, distinguished members of the committee.

I am Judy Pearson, chairperson of the Education Study Group of the National Military Wives Association. I appreciate the opportunity to address the complex issue of transferability. We believe that if the new educational incentives legislation is designed to recruit and retain superior career military members, it is essential that a provision be made for transferability to spouses and dependent children.

Although the military usually recruits a single person, the majority who reenlist or remain, are married. Air Force members with families comprise two-thirds of their force; approximately 55 percent are married in the other services. One Air Force study states that spousal support for an Air Force career is a critical retention factor, citing 70 percent of the men and 74 percent of the women would leave the service without that support.

The decision to remain in the service has become a family decision; even more importantly, a family commitment. Military families are very appreciative of the recent pay raise, but will continue to struggle to meet daily living expenses. One out of five married men and single parents are working second jobs to make ends meet.

Over half of all service wives are in the labor force, an increase of 20 percent in the last 10 years. Unemployment among military wives is twice as high as unemployment for civilian wives. Considered transient and temporary because of her husband's military status, finding employment is difficult. She is consistently paid less than her civilian counterpart. Career development or advancement is virtually impossible, not to mention any hope of benefiting from pension and profitsharing plans, social security payments, and health and education programs. Starting over at entry level positions with each change of station, the military family's financial situation does not improve.

Mobility compounds family financial problems. Each year military families spend over $1 billion out of their own pockets for authorized moves. Families lucky enough to have saved their money and purchased a home are repeatedly faced with the decision to sell the home, absorbing the loss of thousands of dollars in realtor's fees, closing costs, and related expenses. Moving an average of every 2 to 3 years during a 20- to 30-year career, the loss becomes a substantial financial burden.

Children may pay the highest toll in this mobility. Not only must they leave behind the familiarity of home and friends, but they must conform to teaching methods which may vary dramatically from State to State. Military families are therefore even more concerned that their children have good educations. Many families have been discouraged to find that despite the high scholastic aptitude test scores received by their youngsters, few scholarships are available for them. Yet, classmates with similar scores are eligible for scholarships because their parents are employed by companies offering scholarships to employees' dependent children.

With little opportunity for obtaining assistance with his children's college education, many midlevel careerists are leaving the service, turning down key career developing assignments, because of the family needs.

For those families who remain in the service, providing a college education for their children can be extremely difficult. Some students try to move with their parents attending local colleges, losing credits each time; others return to their home State to obtain the benefit of paying in-State tuition. Residency requirements in terms of in-State and out-of-State tuition, vary from State to State. Travel expenses to return to the parent's current home are an additional expense.

The 8- to 12-year point in the service member's career is critical. Having invested a lot of time developing a career, having acquired a feeling of belonging to an organization, he is looking for some guarantee that his young family will be adequately cared for financially, medically, and educationally. Without these guarantees, private industry is snatching up many bright young service members, who are already trained, enticing them with elaborate and comprehensive benefit packages and substantial pay.

A transferability provision could offer the potential careerist just the right incentive to stay with the military service. It would provide the military member and his family options too important to overlook. For instance, a spouse could complete her education, increasing her earning capacity, thereby improving the family's circumstances. The service member would have already served at least 2½ years for each school year earned.

The National Military Wives Association favors transferability to all dependents, spouses and children alike. We are opposed to a transferability limited to just those dependents of service members with critical skills, which would reduce morale and create inequities in the military community.

Transferability at the 10-year point in the service member's career could help compensate for the disadvantages of imposed mobility, frequent separations, inequities in medical care, and comparatively low pay.

As a retention tool, the transferability provision is vital. The service member must earn the benefit and, therefore, should be allowed to choose how it is used, without penalty or subsequent financial contributions. If the argument is raised that it will become too costly, one must look at the long-range effects of not offering the provision. Highly trained personnel, especially schooled technicians, sophisticatedly educated young officers will be lost to private industry because they cannot afford to provide for and educate their families as they wish.

Billions of dollars spent by the Department of Defense and the Department of Transportation in training personnel will be wasted. The cost of allowing one dependent per military member use of the earned-educational benefit would be rewarded many times over by retaining existent and future highly qualified, expensively trained personnel the services now have.

Thank you for providing the National Military Wives Association the opportunity to express our views on this very important legislation.

WRITTEN STATEMENT OF MRS. JUDY PEARSON

Mr. Chairman, distinguished members of the committee, I am Judy Pearson, Chairperson of the education study group of the National Military Wives Association. I appreciate the opportunity to address the issue of transferability with regard to the educational incentives legislation being considered by your committee. The National Military Wives Association believes that if this new legislation is designed to recruit and retain superior career military members, it is essential that a provision be made for transferability to spouses and dependent children.

Although the military usually recruits a single person, the majority who reenlist or remain are married. Air Force members with families comprise 66.6 percent of their force; 54 percent in the Navy are married; and 55.5 percent in the Army. A study sponsored by the Office of the Chief of Chaplains, USAF, states, "The most important factor related to retention decisions among married men and women is spouse support for an Air Force career. Without that support only 30 percent of the men and 26 percent of the women still make a career commitment. Spouse support is particularly important among younger enlisted and officer members since these marriages are more likely to have nontraditional family values with more shared decision making. This means spouse support may be more important in the future."[1]

The decision to remain in the service has become a family decision; even more importantly, a family commitment. Inflation during the last decade, along with pay caps have caused active duty pay to fall behind by 20 percent. Last year's 11.7 percent pay raise could barely permit the military family to keep up with that year's inflation. Military families are very appreciative of the recent pay raise, but will continue to struggle to meet daily living expenses. According to an Air Force study, one out of five married men and single parents are working second jobs to make ends meet.

The economic climate of the seventies, and the inadequate financial status of the military family have forced the military wife into the labor force. Employment of military wives increased 20 percent from 1970 to 1979 with 50.2 percent working, a figure slightly greater than that of civilian wives' employment. Air Force statistics quote employment of officers' wives at 44 percent with junior enlisted wives as high as 71 percent. These employment figures may appear high, but one must consider the fact that unemployment among military wives was 12 percent in 1979 compared to 5 percent for civilian wives.

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[1] Dennis K. Orthner, "Familes in Blue"; a study of married and single parent families in the U.S. Air Force, 1980, p. 27.

Considered transient and temporary because of her husband's military status, finding employment is difficult. Once found, she is consistently paid less than her civilian counterpart. Most often placed in clerical jobs (41.8 percent), career development, progression or advancement is a lost dream. Continually starting over at entry level positions with each change of station, the military families' financial situation does not improve.

Military mobility compounds family financial problems. Each year military families spend over one billion dollars out of their own pockets for authorized moves. Junior enlisted personnel are responsible for their own moves. Families lucky enough to have saved their money and purchased a home are repeatedly faced with the decision to sell the home, absorbing the loss of thousands of dollars in realtor's fees, closing costs and related expenses. Civilian families transferred within private industry and the federal government are often provided with bridge loans, house hunting trips, more adequate per diems, and in some cases, the unsold home is purchased by the company. Each move means financial loss. Moving an average of every two to three years during a 20 to 30 year career, the loss becomes a substantial financial burden for the military family.

Children may pay the highest toll in this mobility. Not only must they leave behind the familiarity of home and friends, but they must conform to teaching methods which may vary dramatically from state to state. In an Air Force study only about one-half of married couples see the Air Force as a "good environment" for raising children. The percentage was even less favorable for those stationed overseas. The same study reveals that service members in the lower officer and enlisted ranks are even more doubtful about this environment for their children.

Despite the financial problems, high mobility and long separations, military families make homes wherever they are assigned, involving themselves in community activities. They want their children to have good educations. Struggling to pay daily bills, it is virtually impossible to save for college educations. Many families have been discouraged to find that despite the high Scholastic Aptitude Test scores received by their youngsters, few scholarships are available to them. Yet, classmates with similar scores are eligible for scholarships because their parents are employed by companies offering scholarships to employees' dependent children.

What is the military parent to do when faced with the painful decision of remaining in the military service, which allows him little opportunity to assist in his children's college education? Increasingly, many mid-level career persons are leaving the service, turning down key career developing assignments because of family needs and considerations.

For those families who remain in the service, providing a college education for their children can be extremely difficult. Some students try to move with their parents attending local colleges, losing credits each time; while others return to their home state to obtain the benefit of paying in-state tuition to state colleges and universities. Residency requirements in terms of in-state and out-of-state tuition vary from state to state. Travel expenses to return to the parents' current home financially burden the family.

The eight to twelve year point in the service member's career seems to be a critical point. Having already invested a lot of time in developing a career, having acquired a feeling of belonging to an organization, the military member is looking for some guarantee that his young family will be adequately cared for financially, medically, and educationally. He hopes he can college educate his children. But no guarantees are provided. Private industry is snatching up these bright young service members, who are already trained, enticing them with elaborate and comprehensive benefit packages and substantial pay. Can they be blamed for leaving, for wanting their families to be secure?

A transferability provision in the educational assistance legislation could offer the potential careerist just the right incentive to stay with the military service. It would provide the military member and his family options too important to overlook. The member having earned this benefit could choose to use it as he pleases. For instance, a spouse could complete her education, increasing her earning capacity, thereby improving the families' circumstances. The service member would have already served at least two-and-one-half years for each school year earned.

The National Military Wives Association favors transferability to all dependents, spouses and children alike. We are opposed to a transferability limited to just those dependents of service members with critical skills. That would reduce morale and create inequities in the military community.

We also favor transferability at the 10 year point. A usable benefit at this point in the service member's career could help compensate for the disadvantages of imposed mobility, frequent separations, and comparatively low pay. All too often, benefits such as 30 days leave, free medical care and space available travel are advertised, yet the careerist is not able to take full advantage of them.

As a retention tool, the transferability provision is critical. The service member must "earn" the benefit and, therefore, should be allowed to choose how it is used, without penalty or subsequent financial contributions. If the argument is raised that it will become too costly, one must look at the long-range effects of not offering the provision. Highly trained personnel, specially schooled technicians, sophisticatedly educated young officers will be lost to private industry because they cannot afford to provide for and educate their families as they wish. Billions of dollars spent by the Department of Defense and the Department of Transportation in training personnel will be wasted. The cost of offering one dependency per military member a college education would be rewarded many times over by retaining existence and future highly qualified, expensively trained personnel the services now have.

Thank you for providing the National Military Wives Association the opportunity to express our views on this very important legislation.

Mr. NICHOLS. Thank you, Mrs. Pearson.

Mr. Nolan.

STATEMENT OF ROBERT W. NOLAN, NATIONAL EXECUTIVE SECRETARY, FLEET RESERVE ASSOCIATION

Mr. NOLAN. Mr. Chairman, and members of this distinguished committee, I am Robert W. Nolan, national executive secretary of the Fleet Reserve Association. The FRA is a service organization comprised of 150,297 enlisted personnel and commissioned officers with prior enlisted service of the U.S. Navy, Marine Corps, and Coast Guard. As a retired Navy chief petty officer, it is my privilege to present their views on the subject of an educational benefits program to attract and retain personnel in our Nation's armed services.

My testimony today is unique in that it is based directly upon the views expressed by rank-and-file active duty personnel. The FRA has actively solicited these views by:

First, cosponsoring a GI bill forum with U.S. Representative Duncan L. Hunter in San Diego, Calif., on Saturday, March 21, 1981;

Second, corroborating the information we received from the forum's 39 public witnesses by conducting direct mail surveys of over 5,000 Active duty personnel;

Third, conducting a second opinion poll via the Fleet Reserve Association's sponsored USO 53-day show tour of the Pacific theater last August and September.

The GI bill forum was conducted by the Fleet Reserve Association and U.S. Representative Duncan L. Hunter to learn what personnel who would directly benefit from the enactment of such a law believe will attract and retain military personnel. It was a public forum to which Active duty enlisted personnel were invited to appear and testify in the manner congressional witnesses are appearing here today.

All 39 witnesses fully supported an educational benefits incentive program based on a two-tiered concept for initial enlistees and careerists. The eligibility provisions they stipulated the new law should have are:

First, all military personnel who remain in or enter the Armed Forces and complete a minimum of one enlistment of honorable service and who are eligible for reenlistment; the only exception would be for personnel released because of military disability with an honorable discharge.

Second, the witnesses stated it is only equitable and absolutely necessary to provide GI bill benefits to persons serving a combination of Active duty and Selected Reserve or National Guard service under lengthier terms to maintain the desired strength of the Guard and Reserve.

Third, the witnesses were absolutely opposed to granting GI bill benefits to persons separated administratively under honorable conditions or dishonorably discharged.

Fourth, the witnesses were unanimous the new law must have a stipulated limiting date after the service member's last discharge or release from Active duty, thus avoiding the problem of the limiting date of the Vietnam-era GI bill.

They recommended and supported a noncontributory education program, opposed linking of educational benefits to skills. The witnesses believed the maximum benefit should be earned in 10 years' service. All believed the program should be monitored adequately to insure members are maintaining strict academic standards and must be maintaining and preserving the program's scholastic integrity.

The transferability provision, whereby a member could transfer benefits to a legal dependent, was the most popular provision of the GI bill. The overwhelming majority of the witnesses testified there would be no real retention incentive without the transferability option.

A few witnesses who opposed the provision stated they feared the ultimate cost of transferability may harm chances of a new GI bill being enacted. All witnesses were in complete agreement that the option of transferability of benefits should be left to the service member and not the respective local courts. All witnesses were of the opinion that the transferability option should only be earned after a minimum of 10 years of service for those who choose a military career.

After completing the GI bill forum in San Diego, the FRA conducted a mail survey on the views the forum witnesses expressed. The survey went to a valid statistical sampling of over 5,000 Active duty personnel. The replies we received corroborated what we had learned at the GI bill forum. FRA cosponsored a USO show tour with the Department of Defense this past summer. The show toured the far Pacific for 53 days in August–September and performed at military bases in Korea, Okinawa, the Philippines, Guam, Diego Garcia, and aboard naval ships.

As a service to the FRA, the performers distributed return postage-paid, preaddressed opinion poll cards on the subject of a GI bill amongst the audiences. To date, we have received over 5,000 replies. While we have not officially tabulated the replies, it is clear the opinions of the personnel responding are the same as those previously polled.

As you are aware, the House Committee on Veterans' Affairs has favorably reported H.R. 1400 to accomplish this. In view of the fact the provisions of H.R. 1400 so closely parallel the views of the enlisted personnel, we feel such a measure has the basis to fully succeed in attracting and retaining the needed personnel in our armed services. Therefore, the Fleet Reserve Association commends and fully supports the provisions of H.R. 1400 to this distinguished committee.

We sincerely appreciate the opportunity to express these views today. On behalf of my 150,297 shipmates and their families, I thank you.

WRITTEN STATEMENT OF ROBERT W. NOLAN

INTRODUCTION

Mr. Chairman and members of this distinguished Committee, I am Robert W. Nolan, National Executive Secretary of the Fleet Reserve Association. The FRA is a service organization comprised of 150,297 enlisted personnel and commissioned officers with prior enlisted service of the U.S. Navy, Marine Corps and Coast Guard. As a retired Navy Chief Petty Officer, it is my privilege to present their views on the subject of an educational benefits program to attract and retain personnel in our nation's Armed Services.

My testimony today is unique in that it is based directly upon the views expressed by rank and file active duty personnel. The FRA has actively solicited these views by (1) consponsoring a "G.I. Bill Forum" with U.S. Representative Duncan L. Hunter in San Diego, California on Saturday, 21 March 1981, (2) corroborating the information we received from the forum's thirty-nine public witnesses by conducting direct mail surveys of over five thousand active duty personnel, and (3) conducting a second opinion poll via the Fleet Reserve Association's sponsored USO 53-day show tour of the Pacific theater last August and September.

THE G.I. BILL FORUM

The G.I. Bill Forum was conducted by the Fleet Reserve Association and U.S. Representative Duncan L. Hunter to learn what personnel, who would directly benefit from the enactment of such a law, believe will attract and retain military personnel. It was a public forum to which active duty enlisted personnel were invited to appear and testify in the manner Congressional witnesses are appearing here today.

In preparation for the Forum, 6,000 copies of the attached "G.I. Bill Forum Testimony Guide" were distributed to the Navy's Command Chief Petty Officers and Career Counselors, the Marine Corps Command Sergeants Major and the Coast Guard's Command Enlisted Advisors in the greater San Diego area. This enabled military personnel to know what proposals the U.S. Congress is considering and allowed them to intelligently prepare for their appearance before the G.I. Bill Forum Panel. The coordination and scheduling of witnesses was accomplished by local FRA members.

The Forum's panel was composed of U.S. Representative Duncan L. Hunter, Dr. Glenn Beardmore, Vice President of Administration of National University, Dr. Patricia A. Watson, Director of Academic Services of the University of San Diego and myself. Mr. Robert Emmerichs, a professional staff member of the House Committee on Armed Services, was present as an observer.

The panelists received the views of thirty-nine witnesses. The witnesses ranged from persons in pay grade E-3 with three years of service through pay grade E-9 with thirty years of service. In almost every case, each witness was serving as the spokesman for his contemporaries in his military unit. Thus, he expressed the views of a ship's crew, an air wing, a battalion or command. Over 200,000 enlisted personnel were represented by the testimony received.

THE PERCEPTION OF THE VETERANS' EDUCATION ASSISTANCE PROGRAM ("VEAP"), P.L. 94-502

All witnesses testified the "VEAP" was a dismal failure as an educational incentive program. They did not believe its latest improvements would improve its acceptability by the troops. Several Navy career counselors testified that the only time a service member contacted them regarding VEAP was for the purpose of withdrawing from the program. They set the percentage of personnel who continue participation in VEAP at about five percent. One of the witnesses classified the improvements in the VEAP as "a band aid approach". In answer to the question, "What motivated you to participate in VEAP?", Personnelman Third Class J. A. Valdez, U.S.N. of the Naval Air Station at Miramar replied, "It is better than nothing, sir." The audience of 200 military personnel applauded his answer.

GI BILL BENEFITS ELIGIBILITY

All thirty-nine witnesses fully supported an educational benefits incentive program based on a two-tiered concept for initial enlistees and careerists. The eligibility provisions they stipulated the new law should have are:

1. All military personnel who remain in or enter the Armed Forces and complete a minimum of one enlistment of honorable service and who are eligible for re-enlistment; the only exception would be for personnel released because of a military disability with an honorable discharge.
2. The witnesses states if only equitable and absolutely necessary to provide G.I. Bill benefits to persons serving a combination of active duty and Selected Reserve or National Guard service under lengthier terms to maintain the desired strength of the Guard and Reserve.
3. The witnesses were absolutely opposed to granting G.I. Bill benefits to persons separated administratively "under honorable conditions" or dishonorably discharged.
4. The witnesses were unanimous the new law must have a stipulated limiting date after the service member's LAST discharge or release from active duty thus, avoiding the problem of the limiting date of the Vietnam Era G.I. Bill.
5. The witnesses were unanimous that service members who qualified under the Cold War G.I. Bill and who subsequently qualify under the new law have the option of electing benefits under one of the two laws.
6. The majority of the witnesses believed the new law should be retroactive to 1 January 1977.

EDUCATIONAL BENEFIT PROVISIONS

The witnesses were of the unanimous opinion that a two-tiered program with benefits based on progressive length of service offered the best basis for attracting and retaining service personnel. The following are the main points of their testimony:

1. They recommended and supported a non-contributory entitlement program.
2. They adamantly opposed the linking of educational benefits to military skills. They believe critical skill retention can be achieved more economically by other means, causing less dissension in the ranks.
3. The witnesses believed that maximum benefits should be earned in ten years of military service.
4. All witnesses stipulated that an educational program be monitored accurately to assure participating members are maintaining strict academic standards, thus protecting and preserving the program's scholastic integrity.

THE TRANSFERABILITY PROVISION

The transferability provision whereby a service member could transfer his unused education benefits to a legal dependent was the most popular provision of a G.I. Bill. The overwhelming majority of the witnesses testified there would be no real retention incentive without the transferability option. The few witnesses who opposed the provision stated they feared the ultimate cost of the provision may harm the chances of a new G.I. Bill being enacted. All witnesses were in complete agreement that the option of transferability of benefits should be left to the service member and not the respective local courts. All witnesses were of the opinion the transferability option should only be earned after a minimum of ten years of service for those choose a military career.

OTHER PROPOSED OPTIONS

The witnesses expressed solid support for the other options contained in the various bills such as the pre-service educational entry program and education loan forgiveness in return for a specified period of military service obligation.

IN-SERVICE EDUCATIONAL PROGRAMS

Every witness had praise for the various in-service education programs and believed such program should be better publicized and strengthened. However, the

Navy witnesses emphasized the majority of such programs are of little value to the Sailor while he is serving aboard ship, in a submarine or deployed in an aircraft wing. The programs' maximum benefits are attained largely during tours of shore duty. In regards to the dollar value of In-Service G.I. Bill benefits, the witnesses stressed that such benefits should be paid in the same amounts and manner as in paid to the separated veteran.

FRA'S DIRECT MAIL SURVEY ON THE GI BILL

After completing the G.I. Bill Forum in San Diego, the FRA conducted a mail survey on the views the Forum witnesses expressed. The survey went to a valid statistical sampling of over 5,000 active duty personnel. The replies we received corroborated what we had learned at the G.I. Bill Forum. I wish to add that the House Veterans' Affairs Subcommittee, chaired by U.S. Representative Robert W. Edgar, held field hearings on the G.I. Bill issue in Norfolk, Virginia and Boston, Massachusetts and received public testimony that duplicated our findings. Therefore, we feel that our findings on what will attract and retain enlisted personnel in military services are valid.

FRA'S OPINION POLL BY THE USO SHOW TOUR

The FRA cosponsored a USO show tour with the Department of Defense this past summer. The show toured the far Pacific for 53 days in August-September and performed at military bases in Korea, Okinawa, the Philippines, Guam, Diego Garcia and aboard naval ships.

As a service to the FRA the performers promulgated return postage-paid, pre-addressed opinion poll cards on the subject of a G.I. Bill among the audiences. To date, we have received over 5,000 replies. While we have not officially tabulated the replies, it is clear the opinions of the personnel responding are the same as those previously polled.

CONCLUSION

Mr. Chairman, the Fleet Reserve Association fully supports the philosophy of offering young Americans an education in exchange for military service. Experience has proven the G.I. Bill to be one of the most effective programs initiated by our government. We are confident that it can be successful in attracting and retaining desired personnel for our Armed Forces.

As you are aware, the House Committee on Veterans' Affairs has favorably reported H.R. 1400 to accomplish this. In view of the fact the provisions of H.R. 1400 so closely parallel the views of enlisted personnel, we feel such a measure has the basis to fully succeed in attracting and retaining the needed personnel in our Armed Services. Therefore, the Fleet Reserve Association commends and fully supports the provisions of H.R. 1400 to this distinguished committee.

We sincerely appreciate the opportunity to express these views today. On behalf of my 150,297 Shipmates and their families I thank you.

Mr. NICHOLS. Thank you, Mr. Nolan.

General Jacobs.

STATEMENT OF BRIG. GEN. BRUCE JACOBS, DEPUTY EXECUTIVE VICE PRESIDENT, NATIONAL GUARD ASSOCIATION

General JACOBS. Mr. Chairman, distinguished members of the committee, my name is Bruce Jacobs. I am an Active member of the Virginia National Guard and vice president of the National Guard Association. We have submitted a statement to your body and I would just like to comment within the timeframe you allotted to us.

We welcome this opportunity to provide the views of the National Guard on the subject of veterans' educational assistance, the so-called GI bills. We understand your committee is considering several GI bills which have been introduced in the House, plus a number of bills being considered in the Senate. Our association supports the concept of providing educational assistance as an incentive to improve the ability of the Armed Forces, including the National Guard and Reserve, to enlist and reenlist more highly qualified men and women. We, therefore, urge consideration of all of the several GI bills which have been introduced, and we urge that the final bill incorporate the best features of all of these bills.

You referred to VEAP earlier, sir. There has been, of course, no GI bill since 1976. But today, practically any person with a desire, attitude and aptitude for higher education, academic or vocational, can obtain an education by means of Government-sponsored loans and grants. I understand that the annual cost to the Federal Government for these programs is something approximating $9 billion, and no service to the Government need be performed.

The Army National Guard has achieved a net personnel strength gain during the past 2 years, but a severe manpower shortage continues to exist. A similar problem exists in the U.S. Army Reserve. It appears that the fiscal year 1981 strength of the Army National Guard is about 390,000. Although that strength is 4,000 greater than budgeted strength, it is 54,000 short of the Army National Guard's wartime strength requirement.

Probably the most serious military manpower shortage exists in the Army's pool of pretrained military manpower, the Individual Ready Reserve, or IRR. The purpose of the pool of pretrained manpower is to provide a source of trained soldiers to fill Active Army units, to fill Army Guard and Reserve units, and to provide Army combat loss replacements until the selective service and Army training base can begin to provide the trained manpower. It is estimated that between 400,000 and 600,000 pretrained persons are necessary. Currently, there are only about 200,000 in this category. To the extent that the Guard and Reserve can be brought to 100 percent of wartime strength, the demand for pretrained personnel can be lessened.

We support the amended H.R. 1400 which has been reported out by the House Veterans' Affairs Committee and which is being considered by the House Armed Services Committee. Specifically, we support the transferability feature of H.R. 1400 and several of the Senate titles.

We recognize that the transferability authority will increase the likelihood that the educational assistance will be used, thus increasing the Government's payout cost. However, only the transfer authority feature provides any incentive for highly competent noncommissioned officers to stay in the service after qualification for educational assistance.

Most of the bills under consideration provide that service in the National Guard or Reserve can be counted toward some measure of qualification for basic educational assistance. Some provide an enhancement of benefits, if service before Active duty is performed in National Guard or Reserve, and we believe such provisions are essential. But only H.R. 3997 is specifically designed to revise and expand the existing educational assistance program for members of the Selected Reserve. H.R. 3997 offers a maximum benefit of $5,040 for 6 years' service in the Guard and Reserve, compared to a maximum benefit of $4,000 under current law.

One of the principal advantages of H.R. 3997 over the current program is that H.R. 3997 benefits would be an entitlement for all who perform the required service. Current law authorizes the Secretary of Defense to provide educational assistance for guardsmen and for reservists at the Secretary's discretion, and limited, of course, by the funds appropriated each year.

Many of the bills under consideration provide a benefit for Guard and Reserve service, but to our knowledge, only S. 26 and H.R. 3997 permit a guardsman or a reservist to begin utilizing the benefit after they have completed their initial active duty training service, and have returned to soldier in their home town units. Thus, only S. 26 and H.R. 3997 take advantage of the rather unique opportunity of guardsmen and reservists to begin and complete their education while also serving as a member of the Armed Forces.

Maintenance of the personnel strength of the Guard and Reserve has always been important. It is absolutely essential to the national defense that the strength of the Guard and Reserve be maintained in the All-Volunteer Force environment. We urge that the bill which you report out include specific provisons which authorize educational assistance benefits for the Guard and Reserve service as an entitlement, and that these benefits be available immediately upon completion of the member's initial Active duty training.

Thank you very much.

Written Statement of Brig. Gen. Bruce Jacobs

Mr. Chairman, and members of the committee, I welcome this opportunity to provide the views of the National Guard Association on the subject of veteran's educational assistance—the so-called "G.I. Bills." We understand that your committee is considering several "G.I. Bills" which have been introduced in the House, plus a number of bills being considered in the Senate.

Our Association supports the concept of providing educational assistance as an incentive to improve the ability of the armed services, including the National Guard and Reserve, to enlist and reenlist more highly-qualified men and women. We, therefore, urge consideration of all of the several "G.I. Bills" which have been introduced. We urge that the final bill incorporate the best features of all of those bills.

As we understand it, the original post-World War II G.I. Bill, the Veterans' Readjustment Act of 1944 was established to compensate veterans for the period of their lives during which young men and women would normally have been securing their futures. The Congress sought to provide them with educational assistance and other significant benefits to prepare themselves for their post-service vocations.

Chairman Edgar of the House Veterans' Affairs Subcommittee on Education, Training and Employment has said in testimony, "The payback for the G.I. Bill after World War II was $3 in taxes for every $1 invested by the Government." On that basis, we can expect that a G.I. Bill enacted now should be a no-cost incentive for service in the armed forces.

Although there is today no declared national emergency, America's military manpower problem is in an emergency situation. Young men and women who today volunteer to serve there nation on active duty are giving up time which they could otherwise devote to vocational and career development. It is, therefore, right, proper, and in our view, essential that today's volunteers for military service should be provided educational assistance.

The records of the Committees on Armed Services and the Committees on Appropriations of both the House and Senate are replete with testimony on the manpower problems of both the active duty military forces and the National Guard and Reserve military forces.

Notwithstanding the apparent reluctance of the Department of Defense to support a G.I. Bill at this time, Army leaders provided strong arguments in support of a G.I. Bill in testimony before the Committees on Armed Services earlier this year.

As a nation, we did away with military conscription. However, we have substituted conscription by economic duress. A large segment of military enlistees join the active services because they are unable to get better jobs in civilian life. At the same time, the Government is so free with educational assistance that practically any person with the desire, attitude and aptitude for higher education—academic or vocational—can obtain an education by means of Government-sponsored loans or grants. I understand that the annual cost to the Federal Government for these programs is $4.8 billion. We gather that a majority of the college-eligible people regard military service as an obstacle to the achievement of their long-range goals. A generous G.I. Bill, one that offers benefits superior to those currently inherent in Government student subsidy programs, could cause young men and women to seek military service as a way of achieving their own education and training goals.

THE NATIONAL GUARD AND RESERVE MANPOWER PROBLEM

Although the Army National Guard (ARNG) has achieved a net personnel strength gain during the past two years, a severe manpower shortage continues to exist. A similar problem exists in the United States Army Reserve. Although final audit, official figures are not in, it appears that the Fiscal Year 1981 strength of the ARNG is about 390,000. Although that strength is 4,000 greater than budgeted end strength, it is 54,000 short of the ARNG's wartime strength requirement of 444,000.

Probably the most serious military manpower shortage exists in the Army's pool of pre-trained military manpower—the Individual Ready Reserve (IRR).

The purpose of the pool of pre-trained manpower is to provide a source of trained soliders to fill active Army units, to fill Army Guard and Reserve units, and to provide Army combat loss replacements until the Selective Service System and the Army training base can begin to provide trained manpower.

It is estimated that between 400,000 and 600,000 pre-trained persons are required. Currently there are only about 200,000 pre-trained personnel to meet that requirement. Although the DoD estimates that the IRR will increase to about 255,000 at end fiscal year 1982, the shortage is still significant, and no one knows how many IRR members can actually be identified and located. Nor does anyone know how many of those personnel are actually available for wartime service. We believe that not more than 70 percent of those people can be counted on to serve.

To the extent that Guard and Reserve units can be brought to 100 percent of wartime strength, the demand for pre-trained personnel can be lessened. However, the demand for combat loss replacements can only be met by filling the IRR. We believe the IRR can be filled only by some sort of draft, or by means of an incentive which will cause a greatly increased number of personnel to enlist in the Army for a period of two or three years, after which they will complete their military service obligation in either the Selected Reserve or the IRR.

We support the amended H.R. 1400 which has been reported out by the House Veterans' Affairs Committee and which is being considered by the House Armed Services Committee. Specifically, we support the transferability feature of H.R. 1400 and several of the Senate titles. We recognize that the transfer authority will increase the likelihood that the educational assistance will be used, thus increasing the Government's payout cost. However, only the transfer authority feature provides any incentive for highly competent non-commissioned officers to stay in service after qualification for educational assistance.

Most of the bills under consideration provide that service in the National Guard or Reserves can be counted toward qualification for basic educational assistance. Some provide an enhancement of benefits if additional service is performed in the National Guard or Reserves. We believe such provisions are essential.

Only H.R. 3997 is specifically designed to revise and expand the existing educational assistance program for members of the Selected Reserve. H.R. 3997 offers a maximum benefit of $5,040 for six years service in the Guard or Reserve compared to a maximum benefit of $4,000 under current law.

One of the principal advantages of H.R. 3997 over the current program is that H.R. 3997 benefits would be an entitlement for all who perform the required service. Whereas, current law authorizes the Secretary of Defense to provide educational assistance for Guardsmen and Reservists at the Secretary's discretion, and limited by the funds appropriated each year.

Educational assistance is a particularly appropriate incentive for service in the Guard and Reserve. Only in the Guard and Reserve can members take advantage of the educational assistance benefit while performing their military service. Although many of the bills under consideration provide a benefit for Guard and Reserve service, to our knowledge only S. 26 and H.R. 3997 permit a Guardsman or Reservist to begin utilizing the benefit after they have completed their initial active duty service and returned to their hometown units. Thus, only S. 26 and H.R. 3997 take advantage of the unique opportunity of Guardsmen and Reservists to begin and complete their education while serving as a member of the armed forces.

Mr. Chairman, maintenance of the personnel strength of the Guard and Reserve has always been important. It is absolutely essential to national defense that the strength of the Guard and Reserve be maintained in the "All Volunteer Force" environment. We urge that the bill which you report out include specific provisions which authorize educational assistance benefits for Guard and Reserve service as an entitlement, and that those benefits be available immediately upon the member's completion of initial active duty training.

I will be pleased to attempt to answer your questions.

Mr. NICHOLS. Thank you, General.

Mr. Schlee.

STATEMENT OF G. MICHAEL SCHLEE, DIRECTOR OF NATIONAL SECURITY AND FOREIGN RELATIONS, AMERICAN LEGION

Mr. SCHLEE. I am Mike Schlee, director of the National Security and Foreign Relations Division of the American Legion. The American Legion appreciates the opportunity to present its views on legislation which would provide an education assistance program for the purpose of aiding in the recruitment and retention of individuals in both the Active and Reserve components of the Armed Forces. The indispensible imperative of insuring that this Nation's military forces have both the quantity and quality of personnel at all levels was succinctly and clearly stated by the President last June at West Point. Quoting General George Patton, the President said, "Wars may be fought with weapons, but they are won by men," and he added, "won by women as well."

Our support for an educational incentives package to support recruitment and retention in the total force is contained in Resolution 36 adopted on October 15, 1980. This position suggests a three-phased program to achieve the necessary manning levels as follows:

One, as a preservice benefit, a loan forgiveness program for direct guaranteed educational loans by the Federal Government which would reduce or waive payment on such loans through honorable military service.

Two, as an in-service benefit for those on Active duty, tuition assistance could be expanded to provide payment of instructionally related expenses as well as basic tuition costs or fees in lieu of tuition, and

Three, as a post-service benefit, balanced education benefits reflecting honorable service in the Active and/or Reserve components.

Our resolution further states that any such educational program be funded as a Department of Defense function, but be administered by the Veterans' Administration since the VA currently has the staff and expertise to administer such a program.

The numerous bills being reviewed by this subcommittee each contain some provisions which conform to our position and other provisions which do not agree with our recommendations. I have appended an analysis of these bills.

TRANSFERABILITY

This may be the the most controversial of the provisions contained in some of the legislation under review. While the American Legion's resolution does not specifically address this issue, I will advise the subcommittee that we do have concerns with this provision. It is felt that a provision of this nature could reduce the pool of eligible individuals available for military service based on the incentive of educational benefits.

Additionally, a serious look must be given to the long-term cost of transferability and the question of equity to previous veterans. There is no doubt that such a provision would have an impact if a peacetime GI bill were enacted retroactively to cover those on Active duty today. But in the words of one high school guidance counselor who testified before the subcommittee recently: "Such a provision is far too expensive. Besides, 18-year-old kids plan for next week, maybe next year, but not any further ahead than that." The American Legion concurs wholeheartedly in this statement.

I would like turn to the Reserves in the service. Since the advent of the All-Volunteer Force and the concurrent development of the Total Force policy, the Selected Reserve and the Army National Guard strengths have dropped dramatically. I think the comments Congressman Montgomery made earlier on Reserve inclusion in H.R. 1400 are super.

FUNDING BY THE DEPARTMENT OF DEFENSE

We believe that any educational program should be administered by the Veterans' Administration. However, we also believe that any educational incentive program should be entirely funded by the Department of Defense. The ultimate purpose of such legislation is to provide an incentive for the recruitment and retention of personnel in the Armed Forces.

Mr. Chairman and members of the subcommittee, in supporting an education incentive program, the American Legion does not believe that it alone will solve all the problems of the All-Volunteer Force. Nor can it begin to achieve its goals unless the competition from the ever-increasing amount of Federal civilian education programs is dramatically reduced.

While this legislation will enhance the number and quality of new recruits, it still will not fully meet the needs of the services for a cross section of American youth to operate and man our ever increasingly complex and sophisticated weapons systems. We have also supported additional funding for increased pay and benefits and for improvements in the all-important quality of life factors for the Armed Forces. Nevertheless, the American Legion believes that a return to conscription is inevitable.

In conclusion, our organization fully supports a balanced educational incentive program for recruitment and retention in the Armed Forces. We must enact a simple but equitable educational benefits program now and keep it on line for the future when it can be expected to enhance both the quantity and quality of the individuals that are asked to serve.

Mr. Chairman, the American Legion is appreciative of the opportunity to present its views on this important legislation to this subcommittee. We will be happy to address any questions you may have at this time.

WRITTEN STATEMENT OF G. MICHAEL SCHLEE

Mr. Chairman and members of the subcommittee: The American Legion appreciates the opportunity to present its views on legislation which would provide an education assistance program for the purpose of aiding in the recruitment and retention of individuals in both the Active and Reserve components of the Armed Forces. The indispensable imperative of insuring that this Nation's military forces have both the quantity of personnel at all levels was succinctly and clearly stated by the President last June at West Point. Quoting General George Patton, the President said, "Wars may be fought with weapons, but they are won by men," and he added, "won by women as well."

Before outlining our position on this critical issue, I would like to point out that The American Legion was instrumental in the enactment of the Servicemen's Readjustment Act of 1944—better known as the G.I. Bill of Rights. Since that time, we have continued our involvement in subsequent education benefits programs.

Our support for an educational incentives package to support recruitment and retention in the total force is contained in resolution 36 adopted on October 15, 1980. This position suggests a three phased program to achieve the necessary manning levels as follows:

(1) As a pre-service benefit, a loan forgiveness program for direct guaranteed educational loans by the Federal Government which would reduce or waive payment on such loans through honorable military service.

(2) As an in-service benefit for those on active duty, tuition assistance could be expanded to provide payment of instructionally related expenses as well as basic tuition costs or fees in lieu of tuition, and

(3) As a post-service benefit, balanced education benefits reflecting honorable service in the Active and or Reserve components.

The American Legion believes that to be successful, any legislation adopted should include these three areas of benefits. Our resolution further states that any such educational program be funded as a Department of Defense function, but be administered by the Veterans' Administration since the VA currently has the staff and expertise to administer such a program.

The numerous bills being reviewed by this subcommittee each contain some provisions which conform to our position and other provisions which do not agree with our recommendations. I have appended an analysis of these bills which use the major criteria of eligibility; tuition/ stipend/ supplemental stipend; transferability; reserves; delimiting dates, and funding. Instead of stating the pros and cons of each bill under consideration, I would like to provide the rationale for each of the major tenets of our position.

PRE-SERVICE BENEFITS

The pre-service loan forgiveness aspect can be expected to appeal to those potential recruits with high school diplomas who have begun pursuing college degrees. As this subcommittee is aware, high school graduates have a significantly greater record than non-high-school graduates in successfully fulfulling their initial service commitments. Parenthetically, it should be added that these recruits would come to service with greater basic skills and goal oriented discipline. Those offered this loan forgiveness provision can be expected to have a greater incentive to remain in the service until their loans are repaid. Moreover, those who have completed part of their college education are also likely to be influenced by the availability of a post-service benefit—which could be applied to completion of undergraduate and graduate study. Those having completed all of their undergraduate work could leave or remain in service and still take advantage of the educational benefit. This point is critical from the standpoint of retaining skilled potential careerists.

IN-SERVICE BENEFITS

Any educational incentive should contain provisions for active duty members to take advantage of their accruing benefits while remaining in the service. Whether it is in the form of an educational leave of absence or part-time studies, such provisions would hopefully retain those personnel who would otherwise leave to utilize their educational benefits. Additionally, active duty members electing either educational leaves or part-time studies could, on their own or with encouragement, pursue courses providing them with specialty skills currently in short supply in the armed forces.

POST-SERVICE BENEFITS

This is the traditional benefit which the G.I. bill and subsequent education incentive legislation have provided. Since the services cannot expect to retain every recruit beyond his/her first enlistment, this would provide a benefit in recognition of honorable service and employ an historically proven incentive for attracting serious new recruits.

TRANSFERABILITY

This may be the most controversial of the provisions contained in some of the legislation under review. While the American Legion's resolution does not specifically address this issue, I will advise the subcommittee that we do have concerns with this provision.

Such authority would, in our opinion, perniciously affect the purpose of such legislation by providing benefits to individuals, specifically dependents of service personnel who, but for enjoying the benefits accuring from the service members eligibility, could qualify in their own right for benefits under such a proposal in years ahead. Thus, it is felt that a provision of this nature could reduce the pool of eligible individuals available for military service based on the incentive of educational benefits. Additionally, a serious look must be given to the long term cost of transferability and the question of equity to previous veterans. In essence, the services need the dependents of careerists just as badly as the dependents of civilians.

Moreover, we are aware that a number of senior enlisted personnel have testified before the Subcommittee on Education, Training and Employment of the House Committee on Veterans' Affairs that the transferability provision would have a favorable impact on retention. There is no doubt that such a provision would have an impact if a peace-time G.I. Bill were enacted retroactively to cover those on active duty today. But, in the words of one high school guidance counselor who testified before this subcommittee recently: "Such a provision is far too expensive. Besides, 18-year-old kids plan for next week, maybe next year but not any further ahead than that," the American Legion concurs wholeheartedly in this statement.

APPLICATION TO RESERVE SERVICE

Since the advent of the All-Volunteer Force and the concurrent development of the total force policy, the Selected Reserve and the Army National Guard strengths have dropped dramatically. However, increased reliance on our Reserve components is a reality since the Army National Guard comprises 27 percent of the personnel strength of the total Army unit structure. Selected military mission evaluations provide an equally dramatic reliance upon the Reserve components: Air Force Reserve units provide 63 percent of strategic airlift air crews, Naval Reserves provide 10 percent of naval surface combatants; 88 percent of Navy ocean minesweepers and 86 percent of cargo handling battalions. The integral role that the Reserve components serve and the necessity for adequate manning demand that this indispensible element be included in any meaningful education incentive package.

FUNDING BY THE DEPARTMENT OF DEFENSE

We believe that any educational program should be administered by the Veterans' Administration, as that agency has in its employ experienced staff with the expertise necessary to insure that such a program is carried out in an efficient manner. However, we also believe that any educational incentive program should be entirely funded by the Department of Defense. The botoom line is that the ultimate purpose of such legislation is to provide an incentive for the recruitment and retention of personnel in the Armed Forces. Based on this premise, the Legion is opposed to the funding of any of the benefits payable under such an incentive program through the Veterans Administration. Moreover, this is not a readjustment benefit as was each preceding G.I. Bill education program. The justification for this recommendation is strengthened, if cuts in the Veterans Administration budget consistently proposed by the office of Management and Budget are taken into consideration.

COST OF LEGISLATION

Cost estimates for this legislation project an outyear peak of $1.4 billion annually. In this period of rightful concern about federal expenditures, some significant savings will likewise be realized if an educational assistance plan achieves its goals of recruitment and particularly retention—to the extent that at least initial terms of enlistment are completed.

The General Accounting Office reported that 444,000 first-term volunteers left the service before completing their initial enlistments between 1974 and 1977. The GAO cost estimate for this loss was $5.2 billion. In hearings earlier this year, Dr. Charles Moskos, a noted military sociologist, testified that cutting the military attrition rate in half would result in manpower savings in excess of $600 million annually. While the outyear costs are significant, a successful education incentive program would provide substantial offsetting long run savings by generating increased revenues from educated tax payers.

Mr. Chairman and members of the subcommittee, in supporting an education incentive program, the American Legion does not believe that it alone will solve all the problems of the All-Volunteer Force. Nor can it begin to achieve its goals unless the competition from the ever increasing amount of federal civilian education programs are dramatically reduced.

While this legislation will enhance the number and quality of new recruits, it still will not fully meet the needs of the services for a cross section of American youth to operate and man our ever increasingly complex and sophisticated weapons systems. We have also supported additional funding for increased pay and benefits and for improvements in the all important "quality of life" factors for the armed forces. Nevertheless, the American Legion believes that a return to conscription is inevitable.

Our position is reinforced by American youth demographics for the 1980's. According to Census Bureau projections, the supply of 18-year old males will shrink during the 1980's and 1990's because of the progressive decline in child-bearing in the 1960's and 1970's. It has been calculated that the military services will have to recruit one of every two qualified and available males by the mid-to-late 1980's. During 1980, about one in every four qualified and available 18-year olds were recruited. Moreover, the administration has stated that an additional 200,000 men and women will be needed above the current level of 2,062,000. Of that number, 100,000 will go to the Army which has faced the most recurring manpower shortages.

In conclusion, our organization fully supports a balanced educational incentive program for recruitment and retention in the armed forces. We believe that timely enacted legislation, with the modifications we have recommended, will accomplish this goal.

We must stop sending conflicting signals to our youth and to our men and women in uniform. We must enact a simple but equitable educational benefits program now and keep it on line for the future when it can be expected to enhance both the quantity and quality of the individuals that are asked to serve.

Mr. Chairman, the American Legion is appreciative of the opportunity to present its views on this important legislation to this subcommittee. We will be happy to address any questions you may have at this time.

NATIONAL EXECUTIVE COMMITTEE MEETING THE AMERICAN LEGION—INDIANAPOLIS, IND., OCTOBER 15-16, 1980

Resolution 36

Committee: National Security.

Subject: Education incentives for active and reserve forces.

Whereas, Congress has terminated the education program under chapter 34 of title 38, United States Code, for those persons enlisting in the Armed Forces of the United States on or after January 1, 1977; and

Whereas, Congress replaced this educational assistance program with a less generous experimental contributory program under Chapter 32, Title 38, which is known as the Post-Vietnam Era Veterans' Educational Assistance Program, or "VEAP," wherein the Federal Government matches on a two-to-one basis the deposits by the individual military member to VEAP up to $5,400; and

Whereas, the Secretary of Defense is authorized under this program to contribute additional unspecified amounts to an individual's VEAP account above that level as a recruiting or retention incentive; and

Whereas, only 23.3 percent of all eligible personnel enrolled in VEAP during fiscal year 1979 and approximately 50 percent of those who did enroll voluntarily discontinued their participation and Armed Forces officials believe that VEAP has not proven to be an adequate incentive for enlistment or retention in the military services; and

Whereas, VEAP will automatically terminate at the end of 1981 unless it is recommended by the President and approved by the Congress that it be continued; and

Whereas, the Department of Education now provides without service requirement, direct and guaranteed student loans with minimal interest rates which do not require repayment to commence until 9 to 12 months after graduation with complete repayment within 10 years; and

Whereas, all military services are experiencing great difficulty in recruiting and retaining military personnel and it is apparent that this problem will worsen in the 1980's as the number of 18-year old men decline to 1.7 million in the latter part of the decade, thus requiring the services to recruit 50 percent of all military age males who are physically and mentally qualified and who are not enrolled in college in order to meet the manpower needs of the services; and

Whereas, the American Legion believes that educational incentives play an important part in the recruitment and retention of personnel, and any attempt to restrict or delete such benefits as a cost-saving measure would adversely affect the military services ability to meet their accession and retention goals; and

Whereas, the American Legion believes that the declining numbers of 18-year old men will likely force resumption of the draft, and will encourage Congress to authorize an education incentive program as a readjustment benefit comparable to those that were provided under Public Law 89-358 the so-called "Cold War Veterans Readjustment Act"; now, therefore, be it

Resolved, by the National Executive Committee of the American Legion in regular meeting assembled in Indianapolis, Indiana on October 15-16, 1980, that The American Legion urge Congress to enact legislation which would authorize and fund an education incentive program to support retention and recruiting for Active and Reserve forces, examples of which follow:

(1) As a pre-service benefit, a loan forgiveness program for direct or guaranteed educational loans by the Federal Government which would reduce or cancel such loans through honorable military service;

(2) As an in-service benefit, the current 75 percent limitation on in-service tuition assistance could be expanded to provide payment of 90 percent of instructionally related expenses as well as basic tuition costs or fees in lieu of tuition;

(3) As a post-service benefit, educational benefits patterned after the chapter 34, or VEAP programs could be extended to those who do not avail themselves of either the pre-service or in-service programs; and, be it further

Resolved, that the American Legion recommend to Congress that any such educational incentive program be funded as a Department of Defense function but be administered by the Veterans Administration since the VA currently has staff and expertise to administer such a program.

ANALYSIS OF GI BILL LEGISLATION

	Eligibility	Tuition	Stipend	Supplemental stipend	Transferability	Reserves	Delimiting	Funding
S. 25—Senator William Armstrong (R-CO).	After 24 mo—27 mo assistance. For each month thereafter—1 mo assistance. Max. mo..	Full cost to max. of $2,500 per year.	$250 per mo.	After 6 years, contributory program matched on a 2 to 1 basis. Max. of $36,000.	Contributory program transferable to spouse or children.	No	10 years from discharge or release from active duty.	Department of Defense.
S. 26—Senator Larry Pressler (D-SD).	After 24 mo—1 for 1 assistance. Combat or critical skills—1½ mo assistance for 1 mo service. Max. 45 mo.	No	Single: $342; married: $407; Married: $464; 2 Dep. Each additional dependent $29.	May increase monthly stipend by reducing entitlement period.	After 8 years of active duty transferable to spouse or children.	Yes, 1 mo entitlement for 2 mo service. Max. 16 mo.	10 years from last discharge or release from active duty.	Veterans' Administration.
S. 48—Senator William S. Cohen (R-ME).	Critical military skill. After 24 mo service—18 mo assistance. Next 12 mo service—6 mo assistance. 4th 12 mo service—12 mo assistance. Noncritical military skill. After 24 mo service—12 mo assistance. Thereafter 2 mo service—1 mo assistance. Max. 36 mo assistance.	No	Same as Pressler	No	No	No	10 years from last discharge or release from active duty.	Department of Defense.
S. 5—Senator John W. Warner (R-VA).	After 36 mo service—18 mo. Assistance thereafter ½ mo assistance for 1 mo service. Max. 36 mo.	$1,500 per year.	$400 per mo.	No	Yes, transferable to spouse or child.	No	6 years after discharge or release from active duty.	Veterans' Administration.
S. 7—Senator Strom Thurmond (R-SC).	After 24 service—16 mo assistance. Max. 36.	No	$400 per mo.	No	Yes, transferable after 8 yr active duty to spouse or child.	Yes, after four years 1 mo service—1½ mo assistance. Max. 36 mo.	10 years after last discharge or release from active duty.	Veterans' Administration.

ANALYSIS OF GI BILL LEGISLATION—Continued

	Eligibility	Tuition	Stipend	Supplemental stipend	Transferability	Reserves	Delimiting	Funding
H.R. 135—Representative Charles E. Bennett (D-FL).	After 24 mo service=36 mo assistance. Max. 36 mo.	$3,000 or tuition and fees, whichever is less.	$300 per mo	No	No	Yes, provides for cancellation of Federal loans for service in selected reserve or IRR.	10 years after last discharge or release from active duty.	Veterans' Administration.
S. 417—Senator Alan Cranston (D-CA).	After 3 yr=36 mo assistance of 2 yr active duty 4 yr reserve commitment=36 mo assistance. Benefits would be suspended if failure to meet commitment.	No	$250 per mo. Max. $9,000.	After 4 yr, with 4 yr reserve commitment, add $375 per mo. Can be accelerated to $500 a mo for a total of $750 per mo basic and supplemental or 6 years active duty.	Yes, after 10 yr active duty to dependents based on the discretion of the Secretary of Defense.	Yes, see eligibility and supplemental stipend.	10 yr from last discharge or release from active duty.	Veterans' Administration for basic assistance. DOD for supplemental stipend. In event of transfer DOD funded.
H.R. 1400—Representative G. V. Montgomery (D-MS).	After 3 yr=36 mo assistance of 2 yr active duty plus 4 yr National Guard or Selected Reserve. Max. 36 mo assistance.	No	$250 per mo	$300 per mo after 6 yr active duty plus 8 yr on Selected Reserve or National Guard.	Yes, between 8 and 12 at discretion of Secretary of Defense.	Yes, see eligibility and supplemental stipend also extends for 2 yr the authority to pay Federal student loans in exchange for service in the reserves.	?	Veterans' Administration would pay administration costs and basic assistance of $250 per mo. Supplemental stipend would be funded by DOD.

ANALYSIS OF GI BILL LEGISLATION—Continued

	Eligibility	Tuition	Stipend	Supplemental stipend	Transferability	Reserves	Delimiting	Funding
S. 742—Senator Cohen.	After 24 mo = 18 mo assistance. 3d 12-mo period = ½ month assistance for each month active duty. 4th 23 mo period = 1-mo assistance for each month active duty. 6 yr enlistment = 9 mo assistance after service of 2 yr and thereafter 1 mo assistance for each 3 mo active duty. Max. 36 mo.	No	Same as chapter 34, title 38.		After 6 yr of active duty, may join matching fund program for use by dependents. DOD provides 2 to 1 match after 10 yr of service. Max. participant deposit is $6,000.	No	10 yr from last discharge or release from active duty.	Veterans' Administration. Transferability by DOD.
S. 899—Senator Hollings.	After 2 yr of active duty, and agrees to serve 2 yr in Selective Reserve, and 2 yr in Individual Reserve = 1½ mo assistance for each month active duty. Max. 36 mo of Active and Reserve.		$400 per mo for active duty entitlement. $200 per mo for Reserve entitlement.	Expansion is allowed for selected categories.	Provides for transferability under new chapter as well as unused portions under chapter 32 and 34, title 38.	Yes. 1 mo assistance for each month in Selected or Ready Reserve.	10 yr after discharge or retirement.	Veterans' Administration. Expansion benefits by DOD.
S. 105—Senators Inouye and Matsunaga.	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1].
S. 248—Senator Warner.	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2].

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[1] Extends delimiting period of chapter 34 entitlement to such period as administration deems appropriate, providing veteran can demonstrate a compelling reason for inability to complete such veterans education.

[2] Extends delimiting period of chapter 34 to eligible veterans whose discharge from active duty occurs after Dec. 31, 1979 to 5 years from the date such veteran starts his education program or Dec. 31, 1989, whichever is later, provided that the start of such educational program occurs no later than 2 years after such discharge or release from active duty.

Mr. NICHOLS. Thank you.
Mr. Johnson.

STATEMENT OF RICHARD W. JOHNSON, JR., NATIONAL LEGISLATIVE DIRECTOR, NONCOMMISSIONED OFFICERS ASSOCIATION

Mr. JOHNSON. Thank you, Mr. Chairman.

I am national legislative director for the Noncommissioned Officers Association. I ask that my prepared statement be entered in the record.

Mr. Chairman, I am not going to read from my prepared text this morning. You have outlined in your opening statement your concerns on the GI bill and have asked us to address them. It is an excellent outline and touches on all our concerns, so I would like to just go through your questions one at a time.

How would we restructure a new GI bill?

Mr. Chairman, we believe that H.R. 1400 has an ideal structure to it. The bill as it is written has addressed basic education needs for the Armed Forces, has addressed some of the special programs that have been proposed to improve manpower retention, and other provisions. They have an excellent benefit for leave of absence. That takes care of structure.

We do have some disagreement with the general program as to what kind of benefits are provided. Tiering of benefits, in our estimation, is one that is designed to address a specific manpower problem which existed when the bill was written, but which does not exist at this point in time. Tiering of benefits between first and second enlistment is designed to improve first-term retention. First-term retention, as the committee has heard, is not a problem now. According to CBO, it is not expected to be a problem for the next 3 or 4 years, or at least 3 to 4 years. Therefore, we believe the additional benefits provided in tiering would just increase the cost of the bill without providing greater service from a GI bill.

On the other hand, we believe the basic benefit in H.R. 1400, while it would have been adequate with tiering, then becomes inadequate, and we support the CBO offered suggestion that we improve the basic benefit in H.R. 1400. Provide something in the neighborhood—we support $342 because that is in the current GI bill. CBO suggests $375, but any basic benefit in that section of the bill would be desirable to NCOA.

Second, transferability to a spouse or dependent child, would that significantly aid retention and would it do so economically?

As many of my compatriots have stated, certainly this is the most controversial part of the bill. Transferability selectively placed, yes, would probably aid retention to a very small degree. But direct transferability across the board would be a very, very expensive proposition, not likely to return a dollar value. NCOA is probably the only organization that will sit here today prepared to state its resolved opposition to direct transferability in a GI bill. That was on a resolution voted at our convention in July of this year.

Direct transferability under the current proposal, under the $1.4 billion prospect, would cost us $560 million. That would be about $2,500 a head for every member of the Armed Forces. Giving that as a pay raise would do much more for retention in the force today than transferability could.

Transferability as an across the board option would be a windfall. It would provide greater benefit to officers who are required by law—I am sorry—who are required now by regulation to have a degree upon entering the force. Therefore, they would benefit greatly from transferability, or their dependents would. We believe that is an unfair advantage. Also direct transferability would not address the retention needs of 45 percent of the force who remain single.

At the age when we are talking about influencing people with transferability, the average age of children is ranging between 6- and 10-years old. The average age of the serviceman, between 28 and 30, and it is unlikely that an individual at that point in life is going to be particularly worried about a dependent education or college education for his dependents. He is living day to day in that regard. As his children near college age, certainly it would become an incentive, but not at the point at which we need to interest these people.

If the cost of the program rose more, and under several of the scenarios offered this committee by CBO, the cost of transferability could grow to $1 billion or $2 billion under the most expensive scenarios, and that would mean $5,000 to $10,000 per person. Not just for the people who take advantage of it, but $5,000 to $10,000 per person for every person in the Armed Forces.

Should the benefits be provided to enlistees in the Selected Reserve?

I stated earlier the association strongly supports Mr. Montgomery's proposal for Selected Reserves. We think it should be, and we think that will clear up the problems we have in Reserve forces.

I think I have pretty much addressed the questions of budget. Are there tradeoffs? No; there is nothing you can substitute for an education program. It has to be looked upon as a tool of recruiting and as a tool of retention that is individual and has a significant contribution to make to the Armed Forces. But neither can it be substituted for special pay or choice of duty assignments, or for those other incentives that we provide to address manpower needs in the force today.

Thank you, Mr. Chairman, that concludes my statement.

WRITTEN STATEMENT OF RICHARD W. JOHNSON, JR.

Mr. Chairman. The Non Commissioned Officers Association of the USA (NCOA), representing more than one quarter million active duty and veteran noncommissioned and petty officers appreciates this opportunity to present its views on a new G.I. Bill.

Concern about recruiting new personnel and retaining skilled mid-level and senior noncommissioned officers has given rise to a new school of thought on a G.I. bill. Hence, a new G.I. Bill is not being considered for its benefit to the veteran, the service member or society in general. These once primary concerns have been subordinated to recruiting and retention considerations. As a result, the many proposals have become cumbersome. Most are hard to understand, some have targeted provisions, almost all have some extraneous provisions designed to resolve defense manpower problems and all are expensive.

NCOA encourages the committee to go back to basics on the issue. We ask you to resist the urge to add whistles and knobs that may sound good but are not truly needed as appendages to a veterans education program.

Recruiting and retention goals fluctuate too much and too often to be adequately resolved by a structured G.I. education program. For example, some bills were written when first term retention was a problem. As a result, people who reenlist under their provisions will be entitled to supplemental educational assistance benefits. But first term attrition is no longer a problem. Another recent congressional action terminated unemployment benefits for most service members who intend to leave at the end of one enlistment, supposedly to improve retention by creating an economic disincentive to leaving the armed forces. It is actually an unnecessary attempt to economically force the reenlistments of people who have served honorably and fulfilled their service obligation. Congress would not support an economic draft by denying unemployment to those who are eligible for military service, but that is exactly what Congress is trying to do to the service member. The point is that programs as broad as a G.I. Bill or unemployment insurance can not be effective in dealing with specific military personnel needs.

A $300 additional benefit sounds good but how many people will actually be influenced by it. Direct transferability sounds good but it is expensive and likely to be a windfall to more people than it entices to reenlist. Both provisions are designed to address specific retention needs. In our opinion, these needs can be better addressed with special pays, promotions, choice of duty options and other incentives that are less expensive, easier to target and already available to the Department of Defense.

A new G.I. bill will be a valuable asset to recruiting and retention if it is not adorned with frills. Like the Constitution and good public law it must be a living document. It must be equitable, enduring, capable of withstanding challenge, and easy to understand. The key is simplicity—basics.

We believe a good basic bill is also one that will cost the least amount necessary to be successful. The benefit must be respectable but there is no sense in paying Cadillac prices for Chevrolet service. After all, a new G.I. bill can only produce a certain number of recruits and reenlistments no matter how much money is spent on it.

H.R. 1400 incorporates the basics of simplicity in its provisions but unless its cost is reduced it can not be enduring. Accordingly, NCOA would support the bill if it is amended to reduce its cost.

Our recommendations to achieve this goal are simple. First, provide a single basic benefit based on length of service. This approach, which was endorsed by the Congressional Budget Office, will considerably reduce the cost of the program. CBO also testified that retention, in their opinion, is not likely to suffer. We agree.

Second, we suggest making transferability of benefits a contributory program. Certainly, this is the most controversial part of the bill, and in all honesty, likely to be the least productive. It will influence a few people to reenlist but for most it will be a windfall. NCOA advocates providing assistance to service members who want to provide for their dependents education. Assistance is the operative word. We see no dependents right or service obligation to pay education benefits and none is stated or implied in any of the bills.

NCOA is probably the only organization prepared to state its resolved opposition to a directly transferable dependents education program. The issue was thoroughly discussed at our recent National Convention both in our legislative committee and on the convention floor. The issue was defeated for several reasons.

First among them was its potential expense. CBO projects the cost of the transfer provision in H.R. 1400 will be about 40 percent of the bill's total cost in 1994 on a participation rate of 31 percent. We believe this is grossly underestimated but even if it is not, is the expense justifiable?

Moreover, it does not have the potential to influence many of the people the Defense Department is trying to retain. Proponents argue that the program is an absolute must to a successful new G.I. Bill. But by its design it excludes almost 50 percent of the force who are single or have not dependents. And, in our opinion, it will do little to influence those whose children are young. Certainly special pays would be a cheaper way to encourage reelistments in critical specialties and other incentives could be universally used throughout the force.

NCOA members also focused on the many legal problems of implied ownership of the benefit if a marriage is dissolved. Another factor which rightfully concerns NCOA is the advantageous position officers would have. Since officers generally are college educated at the time of accession, the program would be a windfall not likely to improve retention.

A contributory transferability program will give service members who are seriously interested in providing for their dependent's education some assistance. It will give them a vested interest in the benefit. It will prevent the program from becoming an expensive windfall to some and it might reduce the cost of the bill by as much as 30 percent. This savings if used to extend the current G.I. bill delimiting date could have a measurable positive effect on the whole force.

Mr. Chairman. It may have occurred to you and the other distinguished members of the committee that NCOA is taking a very conservative and pragmatic approach to an issue where we would be in good company to come forward and ask for more. We do not for two reasons: the memory of things past and the cost of things future.

Few people remember the primary reason the G.I. bill was terminated in 1976. Cost. The end of the Vietnam era was a convenient coincidence. The proposal to terminate G.I. education benefits came to the Hill from the Ford White House in 1975. The program cost the government $5.2 billion that year. Amazingly, it would have cost more than $12 billion if all those enrolled had been fulltime students. So far, the old G.I. bill has cost the United States more than $30 billion yet it could have cost more than three times that amount if all veterans had used their benefits to potential. Nevertheless, with a high year cost of just over $5 billion, a program paying less than 30 percent of its potential was terminated.

NCOA joined with Senator Vance Hartke to try and prevent the termination of the old G.I. bill. We shared a mutual respect for the value of the program to the veteran, the armed forces and the Nation. It would serve no purpose to review for this committee the testimony of my predecessor who warned of the adverse effects such action would have on armed forces recruiting. But our memory of the events remains vivid and we are reminded that the cost of the program was the ultimate reason for its termination.

NCOA is necessarily and justifiably concerned about the cost of a new G.I. bill. It took only 10 years for cost considerations to overrun the last program. Yet, a new G.I. bill may serve potentially as many people and most of the new proposals suggest more generous benefits than those provided in previous bills. Can we really afford these proposals in future years?

CBO has advised this committee that H.R. 1400 will cost about $1.4 billion in 1994. This estimate is based on assumptions that are unrealistic. The most preposterous assumption is that benefits will not be adjusted between enactment and 1994. Second, they project 25 percent total participation and enrollment of 10–12 percent in the high year. None of the previous G.I. bills gives any historical credence to those assumptions. The most recent experience with the Vietnam era G.I. bill gives evidence of 68 percent participation with high year enrollments of around 20 percent.

In their most expensive scenario, CBO projects the cost of the bill to be $3.3 billion in 1982 dollars. In 1994 dollars the cost will be $7.26 billion. But even these figures are based on a participation rate of 41 percent, still more than 25 percent less than history indicates we can expect. This scenario is more realistic and even CBO in testimony before this committee said the cost of the bill might far outweigh its benefits by 1994.

CBO was very careful to state that their low cost estimates could be optimistic. They were also careful to state their lack of confidence in the transferability program and a bilevel benefit in the basic program. We share their conclusion.

As stated earlier, we will strongly support H.R. 1400 if it is amended to provide a reasonable basic benefit and a contributory dependent education program. We believe these amendments will give the bill the endurance to withstand years of service.

NCOA is pleased to support Mr. Montgomery's amendment to provide benefits to certain members of the reserve establishment.

Mr. Chairman. NCOA has been an advocate of recreating the G.I. bill for a number of years. This year Congress has moved very close to enactment. We have confidence in the improvements we have suggested but we are more dedicated to the need and desire for a new G.I. bill. Accordingly, NCOA is prepared to support any reasonable proposal advanced by the subcommittee.

Mr. NICHOLS. Thank you, Mr. Johnson, for your very forthright and interesting statement. It is somewhat of a departure from most of the statements that we have heard from people who come before our committee.

The Chair is going to recognize Mr. Montgomery first, inasmuch as he has another appointment to keep.

Mr. MONTGOMERY. Thank you, Mr. Chairman.

I would like to thank our panel of witnesses this morning for being here and this helpful information. I would like to thank Mrs.

Pearson, who is a mother and, as she pointed out, moving around in the military.

I have to support what you said against my good friend Richard Johnson. We went out in the field, and we didn't have one noncommissioned officer tell us that he was against transferability. We were out there talking to these guys. I will give him his chance, but you said that is one of the strongest points, and that is what we thought. Transferability, if we can keep 100 aviators in—it costs us $1 million to train these individuals, each individual—if we could just keep some of them in, we would just about pay for the program on the transferability.

Do you have any comments, Mrs. Pearson?

Mrs. **Pearson**. When Mr. Johnson said that he feels that direct payment in terms of an increased pay raise would be more advantageous than the education. From the way I have analyzed people and the way they run their money and their families, that money will be lost as soon as it is given. It will pay the daily bills, but it will not go into a savings account and provide for a college education in the future. Whereas this is sort of a guarantee, a savings plan where you know that one of your children, or your spouse, can improve herself and earn more money and improve the family situation. I think the way most people operate, that cash-out will not result in educating their families.

Mr. **Montgomery**. Thank you very much.

Mr. Nolan, you have been very helpful to the House Veterans' Affairs Committee, when you went out in the field. You sent us a bundle of this information, and we did look at it and did use it. Do you have any comments?

Mr. **Nolan**. Well, the only comment I have is in complete agreement with you and the previous witness. That transferability is a must in the eyes of the enlisted personnel.

Mr. **Montgomery**. You basically represent the chief petty officers and the petty officers and enlisted personnel?

Mr. **Nolan**. Yes, sir, primarily.

Mr. **Montgomery**. The Fleet Reserve does represent that group?

Mr. **Nolan**. Primarily our membership is composed of careerists, those who have reelisted and are making it a career. We also have some first termers, but by and large it is careerists and I think that is what your bill is built on. If you work on the principle of keeping enough people in on their first enlistment and making the service attractive enough, you will get that 30 percent to reenlist, to continue on and make a career with a viable force.

Mr. **Montgomery**. Thank you.

General Jacobs, I appreciate your testimony. When we get the opportunity, Mr. Chairman—if we beat Auburn this week, Mississippi State—there is no way that bill is going to come up for a long time. They are about to witness me to death here. I wanted some witnesses, but I didn't want it going until the middle of next year. But there has been some excellent testimony. As I said earlier, we don't really have a GI bill now. On the National Guard and Reserves, we certainly would have to put this amendment into the bill. As far as our friend from the American Legion, you raise the question of who pays for it.

But as far as transferability on our bill, the military would pay for the transferability, Mike, and also it would still be administered by the Veterans' Administration, which I am sure the Legion would support.

Mr. SCHLEE. Yes, sir, our biggest thing was just to point out an area of concern. You know how we work. We don't have a position absolutely against transferability. We just felt responsible, we had responsibility to point out some concerns that had been raised.

Mr. MONTGOMERY. Yes.

To Richard Johnson, who is a very capable young man, a Vietnam veteran, really, in fact, some of the enlisted personnel that Mr. Nolan represents are also in your association, is that correct?

Mr. JOHNSON. Yes sir, we have 259,000 plus members, primarily on active duty, 82 to 83 percent at any given time are on active duty in the Armed Forces. Most of the rest are retirees.

Mr. MONTGOMERY. When we drew up this transferability we were really thinking about the enlisted guy, the noncommissioned officer, the fellow that we really wanted to keep in the service. Unless I am totally missing it—I haven't had one person, and I have talked to these guys, and I don't know where you are getting your information.

Mr. JOHNSON. Maybe we have a little more pragmatic membership. We discussed this at the convention. We discussed the costs of it, discussed the recrimination of it, discussed what would happen in years out in the defense budget. Our membership said, hey, a direct transferability program is just too expensive to support forcewide, particularly if, unlike the CBO projection, it is going to cost $1.4 billion, where the benefit is not adjusted in the next 14 years. If that benefit is adjusted at all in the next 14 years, that cost of transferability just goes up and up and up and up.

It was designed as a retention tool but it doesn't address retention in the whole force. It only addresses married retention, and then it only addresses retention of those people who have children or a spouse who are specifically interested in the education benefit. They thought all this out, and we talked all this out——

Mr. MONTGOMERY. Who are they? Was that the general convention, or was at your board of directors?

Mr. JOHNSON. No; it was the legislative committee of the general convention which is composed of members. This particular legislative committee was 20 members of the association who were present at the convention. Then it was presented and discussed on the convention floor. We felt that the RMC considerations and the amount we were setting and giving a married person a special consideration that we are not giving a single person.

We are not opposed to the idea of transferability. We do not see it as a right. We certainly don't see it as a sustainable right, one that can be paid for in the out years. A contributory transferability program, fine. Give the individual a vested interest in the program. Allow those who are really truly interested in providing their dependent's education to contribute to that program, and they will find those dollars. They have that money, and they will find those dollars.

Mr. MONTGOMERY. Well, it hasn't worked under the VEAP program.

Mr. **Johnson**. No, sir, it hasn't worked under the VEAP program because you are dealing with a much younger population.

Mr. **Montgomery**. The problem is they didn't go out and find the dollars to match the Federal dollars.

Mr. **Johnson**. But Mr. Montgomery, you are dealing with a much younger population, you are dealing with a population that doesn't have responsibilities to anybody but themselves. If a man has a child and is truly interested in that child's welfare, he will find a way to provide for that child, including providing for that child's education.

Mr. **Montgomery**. We offered him a way in this—and my time is up and I will let someone else speak—but let me mention this. You quoted the Congressional Budget Office several times. What the Congressional Budget Office, CBO, said is about the pay raise, which the chairman and the ranking minority member had a lot to do with getting the pay raise through this Congress. We had a lot of problems and we finally worked it out.

CBO said, yes, a pay raise will work for several years, but, after that, money is not going to attract them in there. You have to have other initiatives or incentives, and they said, yes, you might have to turn to the educational bill as the numbers that you can attract into the military decline. Money won't do it down the road.

Mr. **Johnson**. Well, Mr. Montgomery, we deeply appreciate the work that you have done on the subject. As you know, NCOA has been a strong advocate of return to a GI bill for years. We believe a little more basic bill, a little less expensive bill than most of those being considered is the appropriate way to go about that. But one thing that NCOA is dedicated to in this process is providing a new GI bill. We are not going to attempt to stand in the way of any program that comes out of this committee.

We have a different outlook to what we can fund and afford in the future. We have seen what has happened to military retirement pay. We look at what is happening to military benefits right now that are under attack, that are getting expensive. We watch what happened to the old GI bill, which was overrun on cost consideration after 10 years. An old bill which could have paid out $90 billion in benefits if everybody went to school. We have looked at the CBO projections which are assuming participation rates far below that that we experienced in the Vietnam era. Participation rates far below historically documented programs, and we just don't think it can be afforded in 1994, Mr. Montgomery, and that is a sincere opinion on our behalf.

We are sorry it doesn't agree with the committee's or with yours. As I say, we will support the product of this committee fully, because we believe we have to have a new GI bill, but we have an obligation to look at the cost, what that program can cost in the future. That, Mr. Chairman, and that, Mr. Montgomery, is what we are trying to do, is to point out those things which are going to cost money in the future which this committee may not be willing to fund in 1994, which is going to place another severe morale burden on the force then.

Mr. **Nichols**. Mr. Mitchell.

Mr. **Mitchell**. Thank you, Mr. Chairman.

I want to compliment you on the testimony. It was very helpful. I don't know who would have a better idea of how effective the GI bill would be in the future than you people who have had so much experience with members of both the Active duty and Reserve forces. I want to especially compliment Mrs. Pearson on her statement. I don't think the general public begins to be aware of the sacrifices the spouses and children of members in the Armed Forces make. I think you have to tell us every once in a while about the turbulence in your lives and the family separations.

I didn't think about the job difficulties. You have to take a lower paying job because the employer knows you are going to be moving soon, and you can't plan on a future long range career, given the location and housing problems. It was a good statement. I was glad to hear it.

Mrs. **Pearson**. Thank you.

Mr. **Mitchell**. I want to thank the members of your organization, too, for all the sacrifices you have made through the years. We forget about that, too, I think. Hang in there, you are under really difficult circumstances, especially now with the "me generation" and assertiveness. It is a lot harder I think to be the wife of a military person now than it used to be.

I want to compliment Mr. Johnson on his responsible statement. I think what you are saying is, in light of the budget problems, you want a GI bill but you don't want to see any part of it taken away shortly after Congress, in a different mood, finds it is too expensive to fund.

You mentioned also, that you objected to tiering aspects. You said CBO says we won't have a retention problem for 3 or 4 years down the road. Well, that is just about the time we are going to want this to help us retain, because the first people, first recipients, won't be available until 3 or 4 years down the road.

Mr. **Johnson**. Good point.

Mr. **Mitchell**. I didn't think that was too substantive an objection.

You mentioned on the transferability feature the fact that it was fair to people who were married and who had children. What do you think about some kind of, providing we can afford it, payback provision for the single individual who perhaps isn't education oriented? Maybe he wants to get out and start a small business, something like that? Maybe he feels he has been trained enough in the service. He doesn't want to go to college, he doesn't want to get married; he doesn't want to feel he has been shortchanged because he has served the same years as the person beside him who is getting the education benefits.

Maybe a transferability at one-half or three-fourths of the cost of what college benefits would be, would that make it look better to the people you represent, providing we can afford it?

Mr. **Johnson**. Mr. Mitchell, a transferability benefit at one-half or three-fourths of the cost doesn't really change the fact you are giving a married serviceman a benefit you are not going to give a single serviceman. It still doesn't improve retention among single people in the force. Forty-five percent of the force, as has been carefully pointed out, 45 percent of the force that you are trying to retain is single. Hence, transferability provisions, no matter how much it costs, is not going to do much for them. As you suggested, a buy-out, or——

Mr. MITCHELL. But doesn't the married individual have some special benefits anyway when he has dependents? Doesn't he get more money for different things like housing?

Mr. JOHNSON. Mr. Mitchell, that is an altogether different debate I would rather not get into today.

Mr. MITCHELL. The old feeling used to be, once you get married—a few years back, that was the end of it. But the precedent has been established where a person with a family does receive more benefits. Maybe you would have a buy-back or payout provision that would provide a 100 percent to those who are single and don't want education. It seems like it would be viewed as fairer if there were some benefit they could get.

Mr. JOHNSON. Again, Mr. Mitchell, that leads to other problems. First off, it provides a windfall for the guy who buys out. Although my association has no position on that specifically, I think personally that it is kind of an expensive option, to just kind of buy the guy out and say, well, you had some right to an education, but since you decided you are educated enough, or don't want to go to school, you can have the money instead.

It presents another problem, too. What about the guy who gets greedy and wants to start his small business and doesn't put his children through school. He wants to buy out, too. Those kinds of things, those kinds of provisions lead to all kinds of gray areas.

Now, as far as setting the married serviceman against the single serviceman now, we have a very tenuous situation where we have some morale problems among single people who are forced to live in barracks while their married counterparts are provided allowances to live off post or in family housing, which is much nicer than barracks. We even have some marriages of convenience going on in the Armed Forces now, which I know the committee has looked at in the past.

Mr. MITCHELL. So they can live off base and have better housing?

Mr. JOHNSON. So they can live off base and have better housing. These are problems we can only compound with a program like this. But an assistance program, again, I get back to assistance. If we want to provide the married serviceman assistance in providing for education, that is fine. Nobody can complain about that.

Mr. NICHOLS. I will recognize the lady.

Mrs. PEARSON. I would like to make a comment. In the Navy, at the end of 4 years, 80 percent are married. I think it is also a little shortsighted to differentiate the married men from the single men because the single service person will more than likely be married. Transferability does not occur until at least that person has served 10 years, and it is more than likely that person would be married, would be thinking about family, and would be thinking about his family's future.

I think it is a bit shortsighted to say the single person is not gaining the benefit when he could. We should think that the single person would want an education for his family, and that would be a good benefit to look forward to.

Mr. NICHOLS. Mrs. Byron.

Mrs. **Byron**. Let me follow that along in the same vein. When you say there are a lot of single individuals in the military, I think you are correct on that. But in many instances, you find there are single individuals with dependents. I think that is becoming a more prevalent——

Mr. **Johnson**. 20,000, Mrs. Byron.

Mrs. **Byron**. So, when you talk about a single individual, that single individual also may have dependents. The transferability in my discussion with individuals has been a very positive point.

But I think the 10-year period is critical to make sure that it is a 10-year or above period. I disagree with my colleague, I am sorry, who has left, on the small business aspect of transferability to the single individual, because I think what we are talking about is an educational bill. I would have to agree with Mrs. Pearson, who gave an outstanding presentation, on many of the factors that have been consistently brought out. That is, the educational benefits to a military person's child, who has been shifted from school system to school system—many times, a very dramatic change in the school system, a different thrust on the educational background that that child has had.

Another fact that you brought out is the point on the SAT scores. Whereas many of these children qualify very high on SAT scores, it is very difficult for that child to qualify in many States for scholarship assistance because of the transient nature of their lifestyle. So, therefore, that is a factor that is taken into consideration by many military families when all of a sudden a husband or wife will look and realize that the children are 15, 16 years old, and you have college staring you down the throat in the next few years, and what are you going to do.

So I think that is an important factor that has to be taken into consideration.

Mr. **Johnson**. Mrs. Byron, my father spent 27 years in the Marine Corps. In 18 years of primary education, I attended 14 different schools. I didn't really suffer from that experience. If anything, I gained.

Mrs. **Byron**. I am not saying you suffer. But in looking for college education funding you would probably have had a hard time wherever you were stationed in your senior year, to qualify for a local scholarship from a Lions Club, a Rotary Club, a State senate scholarship, those formulas which I think we can justly say go to those people who are going to be permanent residents of a community. I think that is a factor—that is an important factor. I think you might have to agree with me on that one.

Mr. **Johnson**. Yes, I do.

Mrs. **Byron**. So, the transferability to an individual who is looking, when you look and all of a sudden you have—and I think most military families you find don't have just one child, they have two, three, four, five children coming along, and you are talking about the education of four children. Whereas you could transfer your educational benefits to only one of those children, I think it would make an impact for that first child to go off to school.

At the same time, you can also probably look down the road and find that many of the military people in this day and age come from military families, as you have just stolen my thunder and said you came from a military family. If you have a military family that is concerned about the education of their children, those children are also going to be looking into the future for the military life, and therefore, I think we want to have the very best education we can get for those people that are coming into the military. That is one of the arguments we have sat here and debated about the educational level of those people coming into the military. So I think you are finding military families' children by and large are more inclined to go into the military percentage-wise than many of the others.

Mr. JOHNSON. I agree with that wholeheartedly, too.

Mrs. BYRON. I think you will have to agree. It is my feeling that those people that are going to be looking to military in the future, should get the very best education that they can. I will have to——

Mr. JOHNSON. We might also reduce that pool by providing those education benefits up front.

Mrs. BYRON. But it seems to me that the point you brought out on giving somebody an opportunity for an educational benefit, and then because of financial constraints taking it away, would be a very serious problem as far as morale is concerned. I think that is a very good point. On transferability, Mrs. Pearson brought out quite well how important that is for that aspect. You covered that quite well. So I just have no questions, but I have given you a few of my thoughts on some of the problems that I think this would relieve.

Mr. NICHOLS. Thank you, Mrs. Byron.

First, let me say that I would be inclined to agree with her on the difficulty military families sometimes experience in getting a local type scholarship. I think there is some truth to that. I would hope that would in part be compensated, however, by virtue of the fact—I don't have figures on this, but I know in my own case, where I have applicants to the Air Force Academy, Naval, Air Force or ROTC scholarships—which I don't have a great deal to do with, that is the school—but I believe that a military child stands a little better chance of being favored there because of his background. I would hope so anyway.

Let me start off my questions by simply asking each of you to respond in one or two words. When you look at the GI bill that we are talking about, do you consider it an entitlement? Are you looking at it as an entitlement, something that we ought to do for this man because he wears the uniform, he serves his country? Or do you look at it from primarily the aspect of recruitment and retention?

Mrs. PEARSON. It is hard to go one way or another. I think it really is going to help recruitment and retention. And I think the transferability is really going to help retention the most.

Mr. NICHOLS. Then you look at it primarily as a tool for recruitment and retention, rather than an entitlement?

Mrs. PEARSON. I think so.

Mr. NICHOLS. Mr. Nolan.

Mr. NOLAN. I agree. I think it is because of the problems we have had in personnel, recruiting and retention, that have made the country and the Congress amenable to discussing the issue. I think that our military personnel are getting a little more sophisticated, a little more knowledgeable about rights, benefits, entitlements, things of this nature, and I don't believe that in the long run that they would look upon this as an entitlement.

General JACOBS. I think that the two would come very close together, and they converge, because in reality, it is what the individual perceives it to be. The individual perceives it to be an entitlement which really leads him or her to something very worthwhile, it will then have the result of being a recruiting advantage.

The fact of the matter is, we can point to this in the National Guard and Army Reserve, when we had a very modest, constrained, limited program that was very, very difficult to make look attractive, we got very few people. I think in fiscal year 1980 there were 222 in the Army National Guard, and I think 237 in the Army Reserve. In fiscal year 1981, when it was developed into a meaningful, viable program, it resulted in a 1,079-percent increase. Sixty thousand people came into the military service who probably would not have otherwise. It seems to me that goes a long way to answering the question, sir.

Mr. SCHLEE. Yes, sir; I see it primarily as a tool for recruitment and retention, not along the terms of the entitlement of the GI bill. So I would see it primarily as a tool for recruitment and retention.

Mr. JOHNSON. The old GI bill was an entitlement. The new GI bill is a recruitment and retention tool entirely, and that is regrettable because it is going to be perceived by the eyes of the people who receive it as an entitlement.

Mr. NICHOLS. The reason I put that question to you is this: Mr. Johnson, I think you as a member of the panel are in somewhat the same condition the chairman here is in that you are sitting off a little bit to yourself. Your views don't generally prevail necessarily. I am sitting here trying to assess what sort of input we are going to get in recruiting and retention, and I have to look at it from that standpoint, for an investment of about $1.4 billion. And frankly, I don't have the answer. My problem is, of 13 members of the committee, 9 or 10 are signed on as a cosponsor of some sort of GI bill. So I am trying to assess it very, very carefully.

I was very much interested in your response on tiering. Did I understand you to say that you believe it ought to be a 3-year bill at $375 a month, period?

Mr. JOHNSON. Yes sir.

Mr. NICHOLS. And forget the second 3 years?

Mr. JOHNSON. Yes sir.

Mr. NICHOLS. The Chair is going to recognize Mr. Hunter, who is certainly to be commended for the diligence in which he has pursued with Mr. Nolan on the west coast.

Mr. HUNTER. Thank you, Mr. Chairman. I apologize for being so late and for not being here for the full hearing.

I have got just one question I would like to ask everybody also. That is, obviously the GI bill, this bill, is aimed at retention as well as recruitment, which is really I think a new role for the GI bill. At least, my personal experience in the service was that it was a tremendous vehicle for recruitment, but not for retention.

My question for all of you is, do you think the GI bill can be an effective instrument for retention if we don't have the transferability provision in it, that is, if it is basically structured the same as the Vietnam era GI bill?

Mr. **Johnson**. Mr. Hunter, as I stated earlier, we don't believe that the GI bill is going to be an attractive instrument for retention even with the transferability, because we don't believe it is going to be cost effective along those lines. With a contributory transferability program you could probably have a measurable effect on retention in the services.

Mr. **Schlee**. I think it can be a measurable retention influence on certain individuals. In other words, I think if we can attract individuals and say sure, a principal provision of why I went beyond 10 or why I went beyond the 12-year period. I think it would have to be stated that—well, our principal concern is the cost, and the offset of the cost as to how valuable a retention tool it is. But I think it will, on certain individuals, be a significant retention tool.

General **Jacobs**. Mr. Hunter, transferability is not a feature of direct significance to the National Guard. Indirectly it is quite important because we have a very large stake in the viability of the Army itself, the Active Forces, because the stronger the Active Forces are, the more people they retain and closer they are to their program strength, if there is ever a mobilization our units which are needed in the total force will not have to be cannibalized to take out these experienced noncommissioned officers and specialists who might otherwise be needed to replace those who will not be retained if there is not some feature like transferability to help do that job.

Mr. **Nolan**. We certainly feel that a transferability provision is hand in glove with retention. Very frankly, from the Navy's point of view, that is where our personnel problem is at the current time: Retention. We still remain about 20,000 petty officers short. Keep in mind that I agree that the transferability provision has a price tag on it that is astounding compared to the rest, but nevertheless, as Mr. Montgomery said, it should pay. If it is as successful, as we believe it will be, it should pay in saved training costs and retaining those people, because in the service, particularly enlisted, when you lose a petty officer, third, second class, after the first enlistment, you don't replace that man's experience with a new body. It is more than that. You have that experience gap.

We think transferability would be very successful in our retention problems.

Mr. **Hunter**. Thank you.

Mrs. Pearson.

Mrs. **Pearson**. I believe the transferability provision is key for retention in the new GI bill. For one thing, I have had countless comments from my contacts with military wives who have said, "We are waiting to hear what happens on the GI bill. If they don't come through with a transferability provision, my husband is going to get out. We cannot afford to send our children to college. If we can just get a little bit of help he would stay in for another 10 years." I think that says a lot, and there are people waiting.

One other comment. Marriages are occurring a little bit later, therefore, child raising is occurring a little bit later. If I can just give you my own example, my husband has been in the service for 9 years. He is in that 8- to 10-year critical point of making a career decision. Yet, I only have a 2½-year-old daughter. To use transferability he is going to have to serve at least 20 years, which I think is great. The service wants him for 20 years. And then the benefit would be usable, and he would stay in because he would be able to send his daughter to college.

Mr. HUNTER. Thank you. I got basically the same response as you have given from the great majority.

Bob Nolan was with me at our GI bill forum in San Diego. From our military audiences, I heard everything from tremendous enthusiasm to people getting up on the chairs and stomping and whistling and yelling. That is why it is a little difficult for me to think it is not going to be cost effective because, if you are talking about cost effectiveness, you have got to consider as part of the cost that you are balancing hopefully is the cost of training.

Mr. JOHNSON. The experience also.

Mr. HUNTER. And people that are leaving—I think we have lost, I forget, but I think it is somewhere around 3 billion dollars' worth of Air Force personnel in the pilot department in the last decade. People are leaving early. If you consider that you have got petty officers who have 200,000, 300,000 dollars' worth of training behind them, it is really a fairly economical situation if it works anywhere like we think it will—if it approaches the success we have forecast for it.

I can't believe that all those people out there that indicated that they will be inclined to stay in with a transferability program—including the recruiters, they think it will be good—that they are all wrong, that they are not telling us like it is, like it is going to be.

Thank you very much, Mr. Chairman, I appreciate the opportunity.

Mr. NICHOLS. Thank you, Mr. Hunter.

I thank the panel and your statements will be made a part of the record.

Mr. Nolan, just one last question I would like to put to you. You and Mr. Hunter together, and certainly it is a very commendable thing that you did, you interviewed 39 people in the service?

Mr. NOLAN. Yes, sir.

Mr. NICHOLS. And they all told you this is the greatest thing to come along since indoor plumbing. I mean, it is a fine program; they got on the chairs and screamed. Would you expect that to be a normal reaction from people in the service? Which leads me to my question: as chairman of the committee, we are giving some consideration to asking our staff to perhaps go out into various military areas and contact these people who have made a decision already to leave the service. They are going to get out for one reason or the other—some people may have been disenchanted—and put that question to them that if we had had this bill, would it have made a difference.

Would you give me some reflection. It won't hurt my feelings, if it isn't worth a dime, say so. But it seems to me it might have some useful purpose.

Mr. NOLAN. I think that is a very valid idea, Mr. Chairman. Staff members of the Armed Services Committee know that I have encouraged them on their trips, no matter what the trip is, to try to talk to a few of the enlisted people in their journeys and find out

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about these various things. And the reason that I did stems from our white hats pay panel, which we initiated back in 1977, and you are so familiar with and were responsible for our being able to show it up here on the Hill.

This is the link. I would be willing to say I think you are going to get mixed reactions. Some who have already made up their mind would say, no, that wouldn't have made any difference to me at all. You could have given me all you wanted. But what I want you to keep in mind is, when we conducted this survey, when we went out and had our GI bill forum, H.R. 1400 as it is in its present state, hadn't even had a hearing yet. We came back after March 21 and testified.

I am saying, that is why you will see me not referring to sections of 1400 and so forth in the technical sense. These are just the views fellows expressed to us. We found it very refreshing, for example, for the very first thing everybody said was a fellow should only get the GI bill if he is eligible for reenlistment. We hadn't thought of that. We thought, sure, they should have an honorable discharge, but they said he shouldn't get it unless he is eligible for reenlistment. If the Navy wouldn't keep the guy, he isn't eligible for the GI bill.

So I think you are going to get enough evidence it would make a difference.

Mr. **Hunter**. On that point, I think there are some things, some input we could have in this, in trying to derive this information from this pool of people who are leaving the service. There must be something, maybe we could have some type of questionnaire—I know there is a certain interrogation or report that accompanies the attempts to reenlist a person who in fact gets out. I think one important point was, at the time we had this on March 21, I believe at that time one of the latest reports on people who had failed to reenlist at the Naval Air Station in San Diego who were eligible for reenlistment, I think it was 37 percent of them gave as the reason for their failure to reenlist that they have to use their GI bill, i.e., we are under this termination.

As of right now, the GI bill benefits are completely going to lapse December 31, 1989. So you have got to have your college completed before that occurs. And a very large proportion of those people said we are getting out because of the GI bill, because we have to use it. So I think that that has some bearing on the importance of the GI bill as an incentive, as given by military personnel.

Also, one of our recruiters, in fact several of them testified that, I believe, recruitments in the last year of 1976, quadrupled, or the last month of 1976, quadrupled before the termination.

Mr. **Nolan**. Yes.

Mr. **Nichols**. Thank you, Mr. Hunter.

Mr. Wincup.

Mr. **Wincup**. One quick question, please.

Mr. Schlee, if the subcommittee determined that a GI bill was necessary to maintain recruiting and retention in the military and they also determined that a part of that should be funded by the Veterans' Administration, what would be the American Legion's position on the bill as a whole?

Mr. **Schiller**. Well, we are asking for full DOD funding. I honestly believe that the GI bill, a new bill is so important that, while it might not be the ideal piece of legislation, we would not oppose it on that basis.

Mr. **Wincup**. Thank you.

Thank you, Mr. Chairman.

Mr. **Nichols**. Again, thank you.

Our next hearing will be at 10 a.m. next Wednesday, provided the full committee doesn't intercede. The subcommittee stands in recess.

[Whereupon, at 12:12 p.m., the subcommittee was recessed, to reconvene at 10 a.m., Wednesday, October 28, 1981.]

House of Representatives,
Committee on Armed Services,
Military Personnel and Compensation Subcommittee,
Washington, D.C., Wednesday, October 28, 1981.

The subcommittee met, pursuant to notice, at 10 a.m. in room 2212, Rayburn House Office Building, Hon. Bill Nichols (chairman of the subcommittee) presiding.

Mr. Nichols. The subcommittee will come to order.

At today's hearing, the Military Personnel and Compensation Subcommittee will receive testimony from the remaining half of the outside organizations that had asked to share with the committee their recommendations for a new educational assistance program.

We will follow the same procedure used last week, with a panel of witnesses representing five military associations. We have asked each member of the panel to present a statement and then to respond as a group to questions. When members have concluded their questioning of the panel, we will hear from our final organizational witness, the National Farmers Union. I understand that the National Farmers Union is concerned about the farm cooperative training program, which would not be continued under H.R. 1400 as reported by the Veterans' Affairs Committee.

We are pleased to have all our witnesses before us this morning. You are each able to give us the unique perspective and particular interests of your members and we appreciate your candid presentations. You always make an important contribution to this committee's deliberations.

Please feel free to address any aspect of the proposed educational assistance program. Last week we had a lively interchange between several panel members on the question of transferability. This is one of the most difficult issues the committee must address, since the price tag for this one item could be considerable. I think we gained some valuable insights from the diverse opinions expressed by the witnesses.

To get the session underway this morning, I would pose to you the same questions that have been asked to earlier witnesses from the services and to last week's panel:

How would you structure a new GI educational bill?

Would transferability to a spouse and/or dependents significantly aid retention—to a sufficient degree to warrant the cost?

Should benefits be provided to enlistees in the Selected Reserve?

In view of the increasing constraints on defense resources, how will we be able to afford a program of this magnitude? Are there possible tradeoffs in the defense budget?

Again, we thank you for taking the time to appear and are most interested in your point of view.

Those appearing on this panel, if you will just raise your hand and identify yourselves, I see we have name tags this morning. I don't believe that will be necessary. We will just begin, then, with Mr. Max Beilke, legislative counsel for the National Association for Uniformed Services.

STATEMENTS OF MAX J. BEILKE, LEGISLATIVE COUNSEL, NATIONAL ASSOCIATION FOR UNIFORMED SERVICES

Mr. BEILKE. Thank you, Mr. Chairman. If I sound winded, I just ran over here from the Capitol. We had a photograph session with the Vice President on the POW-MIA issue. I wish I was on the other end of the panel so I could catch my breath.

In the interest of time, I will make a few brief comments. I request my full statement be entered in the record.

We are still in the discussion stage on educational assistance. Our comments are to be taken strictly as a constructive measure. NAUS is prepared to support any bill that this committee sends forth to the full committee and eventually to the full House.

The cost of this legislation is high and we must exercise caution that some future Congress will not see this as too great of an expense and terminate it like the last one. Transferability has caused the greatest concern. It causes the greatest concern to NAUS when we compare the cost of transferability and the cost of the most recent pay raise. We wonder what will do the most for retention—transferability or an annual pay raise of approximately an equal value?

Everyone benefits from a pay raise, but this does not hold true for transferability.

We urge expeditious action on this bill. Currently the services are meeting their recruiting and their retention goals. However, this is due in no small part to this committee and the full Congress on the past two pay raises, the amount of money that has been added to the recruiting budget, the number of recruiters added to the field and, of course, the economic and unemployment problems.

I do not believe we should wait until we start getting recruiting shortfalls before we really push the GI bill. I think now is the time.

With that, Mr. Chairman, I will conclude my remarks. Thank you.

WRITTEN STATEMENT OF MAX J. BEILKE

Mr. Chairman, distinguished members, I welcome the opportunity to present the views of the National Association for Uniformed Services to this distinguished panel.

The National Association for Uniformed Services (NAUS) is unique in that our membership represents all ranks of career and non-career service personnel and their wives and widows. Our membership includes active, retired and reserve personnel of all seven uniformed services: Army, Navy, Air Force, Marines, Coast Guard, Public Health Service, and the National Oceanic and Atmospheric Administration. With such membership, we are able to draw information from a broad base for our legislative activities.

The need for an educational assistance program for military personnel is real. Support for such a program has been received from a broad spectrum of august groups and individuals.

One cannot question the value of educational assistance as a recruitment tool. It is definitely a benefit. Whenever benefits of military service are discussed, education benefits enters the conversation very quickly. If the individual is out of the service, use of the old GI Bill is high on the list of that portion of military service most beneficial. To those currently in the service and having entered prior to January 1, 1977, the question is, will the 1989 delimiting date be removed so that earned benefits can be utilized? To those talking to recruiters, the question is, what kind of education benefits will I receive if I enlist?

An educational assistance benefit has perhaps the greatest value of all benefits a recruiter can offer a prospect. The members of this distinguished panel have already heard this from everyone that has testified to date. I do not want to be redundant but the survey results provided in testimony on October 6, 1981 by Miss Evelyn Wilson, Director of Guidance, Arlington County Public Schools is definitely worth repeating. Miss Wilson stated she had done a small survey of high school students. In response to her question, do you plan on military service after graduation, 28 replied yes and 199 replied no. To those who replied no, they were then questioned, if military service would entitle you to an education assistance benefit, would you then consider military service? Seventy-one then replied yes. This is one of the most poignant arguments that this congress enact a new educational assistance program that I have heard to date.

Additionally, I would like to point out that high school guidance counselors have as their main objective the future of their charges. They can guide them into an occupation within their capabilities or continued education. For those individuals with college potential, but without monetary resources military service can provide the resource. A guidance counselor can become a valued extension of our recruiters. A recruiter's job would be definitely eased because any prospect sent to a recruiter by a high school guidance counselor would already be sold on enlisting. The recruiter need but close the deal.

Of the various GI Bill proposals that have been introduced, NAUS does not support one at the expense of the others. We have found certain provisions in all proposals that we can support. Likewise, we have found some provisions we cannot support. Because of our membership, NAUS can only support a bill that treats all uniformed services equally.

My testimony today will focus on provisions which NAUS believes should be included in any educational assistance program Congress enacts. Regardless of the program enacted, it is imperative that such a program be fundable over a long-term. We do not want a program that will be funded for five or six years and then droped because of cost. The program must be equitable to government and individual alike.

NAUS believes a new GI Educational Assistance program at a minimum should contain:

1. *Active Duty Requirement*—Entitlement to minimum education benefits would be extended only upon completion of twenty-four months active duty. Those individuals released due to service-connected disabilities would, of course, be exempt from the twenty-four month minimum requirement. When one reviews the full value of these educational benefits, twenty-four months of service to one's country is not too much. Additionally, with all the indication of a possible return to the draft, twenty-four months will more than likely be the period of service required of draftees. If this nation does return to conscripted service, then the nation will be obligated to extend educational benefits to these draftees.

2. *Maximum Entitlement*—Thirty-six months of educational benefits should be the maximum entitlement. The basic purpose of a GI education program should be to assist the veteran in readjusting to civilian life. Most undergraduate degree requirements can be fulfilled in four school years of nine months each.

3. *Allowances*—NAUS believes the computation of educational assistance allowances should follow the format and scale as currently payable under Section 1682, Title 38, USC. This format takes into consideration the number of dependents and whether the veteran is enrolled full time or less than full time. Any new GI Bill should be as its name implies, educational assistance. NAUS does not believe the intent of Congress should be to provide a free of all costs education program plus full living expenses. Full-time school attendance for all veterans is not desirable or feasible. Therefore reduced allowance for those who because of desires, employment or other aspects attend school less than full time must be included in any GI Bill.

NAUS is not advocating that the current rate as stated in Section 1682 be used. It is outdated and needs to be increased.

4. *Program Completion Limitation*—A provision requiring that educational assistance entitlements be used within a specific time frame must be included. This time frame must commence on date of last discharge or release from active duty. A period of not less than six years nor more than ten should be established.

5. *Honorable Service*—NAUS believes the requirement for honorable service is not asking too much of the individual. In fact it is rather easily attained. An individual has to exert considerable effort and time to be discharged or released under less

than honorable conditions. Those individuals released under less-than-honorable conditions should be denied the privilege and benefits of educational assistance.

6. *Reserve and National Guard Personnel*—Special provisions must be made for these valuable total force components. NAUS defers to the expertise of those organizations with membership confined to Reserve and National Guard personnel.

7. *Educational Leaves of Absence*—It is this provision upon which NAUS would like to focus its strongest support. Such absences or sabbaticals will not only lend itself to retention of quality personnel, it will allow the services to benefit directly from the educationally improved servicemember. NAUS can think of no better return on our dollars spent on education than to return this individual to active duty. The improved retention factor plus a more highly qualified and motivated individual extends and immediate and direct benefit to the services. Our military academies and ROTC programs attest to that factor.

Educational leave of absences should be granted only to those who have completed not less than five years of continuous active duty, and not more than fifteen years. The maximum period of entitlement should not exceed twenty-four months, to be taken in either one twenty-four month period or two twelve month periods. Individuals should be paid current basic pay during this period but not basic allowances for quarter or subsistence or other special and incentive pay. Individuals would be entitled to use GI Educational Assistance benefits, authorized by Title 38 if so desired.

Educational leave of absences should be restricted to those enlisted grades of E-5 and above and commissioned officer grades of O-4 and above. This benefit should be restricted to warrant officers in the grade of W-3 and W-4, and W-1 and W-2's with five or more years active duty as an enlisted member.

Upon completion of education program, individual would be obligated to complete two months of active duty for each month absent. In the event the individual elects a twelve month absence, obligated active duty requirement must be satisfied before a second twelve month absence would be authorized.

Periods of absence would be counted for promotion and retirement purposes. If eligible, individual could be promoted during such leave of absences.

Travel pay and dislocation allowance would not be payable either upon commencement or completion of absence. Upon completion, individual would return to last duty station for assignment of reassignment if appropriate.

Application for leave of absence should be approved by Secretary of service concerned only upon favorable recommendations by the individual's immediate unit commander and commander with General Courts Martial jurisdiction. Approval should be based on needs of the service, potential of individual to complete the course of study, and relevance of such study to the service concerned.

Secretaries should also have the authority to cancel leave of absence due to Presidential or Congressional declaration of war or national emergency or due to individual gross misconduct or unsatisfactory performance in program of education being pursued.

Individuals who entered the service, or commenced active duty January 1, 1977 or later should be eligible for this entitlement. Such a retro-active provision would entitle a few current active duty personnel to be eligible for this benefit January 1, 1982. This provision would help retain some of the much needed middle level noncommissioned and petty officers, warrant and commissioned officers that are now leaving the service.

That portion designed to recruit and retain personnel should be funded by the appropriate department. The Veterans Administration should be charged with overall administration of the program.

Transferability of educational assistance has caused more controversy than any other provision It is a very sensitive issue and creates a lot of emotion. NAUS has some reservations because the questions we have raised remain unanswered.

If transferability were enacted today, how would it help the NCO with 13 or 16 years service? Will past years be counted toward the years required to establish transferability? If not, will another 8 to 12 years service be required? If so, I doubt many will stay a number of years beyond 20 simply to establish transferability.

What about transfer of benefits for those without a spouse or children? Are we going to establish an "insured interest" category like we did for the Survivor Benefit Plan?

In the two military person family, will both husband and wife be able to transfer their eligibility, totaling 72 months, to one child?

How will a divorce court look at transferability? Can a judge in a divorce court legally order the veteran to transfer this benefit?

How will IRS view transferability? Will they consider it a gift or inheritance and tax it as such?

The criteria for selection of those permitted to transfer benefits should be spelled out more clearly. Some supporters of a new educational assistance program have suggested that Congress should give a "benefits edge" to Army personnel. The purpose would be to give Army recruiters assistance in meeting enlistment quotas. NAUS believes problems would arise if transferability was one of these "benefits edge" and transferability were denied Navy, Air Force, Marine Corps, or Coast Guard members who serve in the same job categories as their Army counterparts.

Others have proposed transferability at some point between eight and twelve years service for those with critical skills. What about the individual who serves seven years in a critical skill, only to be transferred or have the skill declared non-critical prior to completing eight years? What about the individual who doesn't serve in a critical skill until after twelve years service?

Under the current educational assistance program, considerably less than 100 percent of eligible veterans use entitlement, and those that do, at less than 100 percent of maximum entitlement. Transferability would probably move both close to 100 percent at a great cost.

If transfer of education entitlements is allowed, why not transferability of other entitlements?

Is the basic purpose of educational assistance to educate the serviceperson or dependents? Thirty-six months of eligibility could come close to enabling three people to get associate degrees. Is this the intent of Congress?

Forty percent of the total estimated cost of a new educational assistance program is attributed to cost of transferability. NAUS fears that this forty percent may be sufficient to cause a number of Senators and Representatives to vote against passage. This could result in a loss of an entirely otherwise beneficial program. If this is the case, now is the time to remove the transferability provision.

These are some of the reservations NAUS has on the transferability provision. We would need satisfactory answers to these questions before we can support transfer of education entitlements.

NAUS would be more inclined to support transferability if:

1. Benefits are non-transferable in situations where the servicemember uses any portion of the benefit.
2. Transferred education assistance terminates at the same time the recipient's eligibility for a military ID card terminates.
3. Assurance is received that value of education benefit is not included in RMC.
4. Some equitable benefit is afforded the single servicemember.
5. Decision to transfer is irrevocable.
6. Servicemember is required to serve on active duty during entire period the transferred benefit is being paid.
7. Student using transferred benefit is enrolled in a school with ROTC and participates in that ROTC program.

Finally, estimates given this panel in previous testimony indicate that in a few years, one of every three high school graduates will have to be recruited to maintain our defense posture. NAUS fears that transferability will remove one of the three making our recruiters job more difficult.

NAUS also has some reservations on the retention factor value of a educational assistance program. The recruiting factor value is hardly questionable, but retention is suspect. NAUS believes job satisfaction, promotion, pay, retirement benefits, quality of life, and prestige have a far greater impact on retention than educational benefits. When a serviceperson believes they have something to add in addition to receiving something from the service, retention is achieved. To retain an individual, being part of the team is paramount. This point I believe is poignantly stated in a quote by J. M. Knox that I recently read.

> "It ain't the guns or armament, or the money they can pay,
> "It's the close cooperation that makes them win the day;
> "It ain't the individual, nor the army as a whole,
> "But the everlastin' teamwork of every bloomin' soul."

Before closing, I would be negligent if I failed to mention or solicited your support to remove the 1989 delimiting date of the current GI Education Bill set forth in Section 1662, Chapter 34, Title 38.

The current delimiting date is serving as a disincentive. This was clearly pointed out by Rear Admiral Hogg, Director of U.S. Navy Military Personnel and Training Division, Office of the Chief of Naval Operations in his statement before the Subcommittee on Manpower and Personnel of the Senate Armed Services Committee on Military Compensation, on March 18, 1981. Admiral Hogg's statement in part reads:

"With respect to educational benefits, the termination of the Vietnam era GI Bill benefits is serving as a disincentive to service for the career force. Because the benefits will terminate on 31 December 1989, service members who entered active duty after 1969 must leave active duty prior to twenty years of service in order to benefit. Forty-one percent of our third term personnel leaving the Navy at this time, rank 'to keep from losing my GI Bill Benefits' as one of the most important factors in their separation decision. The expiration date is not only costly to the Navy in terms of lost skill and experience of those who leave, but it unduly penalizes those who choose to serve their country. I consider the extension of the GI Bill benefits as an important prerequisite to improved career retention."

If removal of the delimiting date keep half of that forty-one percent in the service, the action would have to be considered successful. The longer Congress delays, the greater number of qualified people will have left the military service simply to use their benefits. Congress must decide how much longer they want this exodus to continue. The number of vacancies in critical skills increases each day.

On March 17, 1981 the U.S. Coast Guard testified before the Subcommittee on Education, Training and Employment, Committee on Veterans' Affairs, U.S. House of Representatives that the 1989 delimiting date was the biggest disincentive to a Coast Guard career.

The "Educational Incentives Study" published by the Office of Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics) on February 9, 1980 also addressed the 1989 delimiting date.

Chapter 2 of this study contains the remark:

"Since the inception of the All-Volunteer Force (AVF) ongoing and proposed Defense educational incentives have been evaluated against the following criteria:

1.-4.* * *

5. The incentive should not require the recipient to leave the military in order to obtain the benefits, and it should be compatible with other recruitment or retention incentives."

"(5) The current 1989 delimiting date on the use of GI Bill education entitlements should be extended to ten years after retirement or separation, or 1989, whichever is later."

One of the U.S. Navy's comments in that same study was:

"Since all benefits under the GI Bill terminate in 1989, the year 1985 may be critical for the services. Personnel who enlisted prior to 1 January 1977 are not eligible for VEAP. Many career oriented personnel desiring to take advantage of the educational benefits of the GI Bill, who would not reach eligibility for retirement until after 1989, may be influenced by this and leave the service. The results of a survey taken of 1314 enlisted personnel separating in 1979 showed that 'to keep from losing GI benefits' was among the top ten factors affecting career decision. One-third of those surveyed ranked this factor as 'extremely important.' Therefore, the Navy strongly recommends that the 1989 termination date for the GI Bill be extended indefinitely to cover eligible career personnel who entered the service prior to 1977."

In closing, over the past two or three years we have all heard and read considerable rhetoric on the type of individual the services are attracting. This is, of course very important, so important in fact that Congress has placed restriction on the number of low mental group and non-high school graduates that will be enlisted.

Within these guidelines, NAUS submits that if Congress wants a defense force of high school graduates and college-type quality people, offer college benefits. If quantity is the prime factor, then offer strictly money.

I want to again thank you for your attention and the privilege to appear before you and present the views of NAUS.

I am prepared at this time to respond to questions.

Mr. NICHOLS. Our next panel member is our old friend Don Harlow, executive director of the Air Force Sergeants Association.

STATEMENT OF DONALD L. HARLOW, CMSAF (RETIRED), EXECUTIVE DIRECTOR, AIR FORCE SERGEANTS ASSOCIATION

Mr. HARLOW. Thank you, Mr. Chairman. It is always a pleasure to appear before you and the distinguished members of your committee.

I would like to start off and express our deep appreciation for your initiative and that of your colleague, Mr. Mitchell of New

York, and all of the people who got this pay raise through. It was great.

Mr. **Nichols**. I hope we took care of the sergeants pretty well, Sergeant.

Mr. **Harlow**. You sure did.

Having testified on three previous occasions on the need for an educational assistance bill to replace the current bill, I would ask my previous testimony presented to the Veterans' Affairs Committee of the U.S. Senate be inserted in the record of these hearings.

Mr. **Nichols**. Without objection, it will be inserted in the record.

Mr. **Harlow**. Thank you very much.

We still feel there is a need to extend beyond the deadline date of December 1989 the current GI bill. We have a lot of concern out there for many of our people that would certainly like that.

As far as the educational bill, of the many that have been introduced, we fully support H.R. 1400, and for the Reserves, H.R. 3997 introduced by Mr. Montgomery.

We feel that there is a definite need for a GI bill as soon as possible to keep our people, good people, in now that the pay has been substantially raised to the point where they feel that they have comparability.

With that, I would pass it on to my other distinguished colleagues on the panel and await your questioning, sir.

WRITTEN STATEMENT OF DONALD L. HARLOW

Mr. Chairman, distinguished members of the subcommittee: I am Donald L. Harlow, Executive Director of the Air Force Sergeants Association and the primary spokesman on legislative matters for the 157,000 members of our association and their dependents.

It is always a pleasure appearing before this distinguished committee and I take this opportunity to express our sincere appreciation for the personal efforts you extended in providing our people in the armed services with a meaningful pay raise.

Having testified on three previous occasions on the need for an educational assistance bill to replace the current GI Bill, I would ask that my previous testimony before the Veterans' Affairs Committee in the United States Senate be entered into the record of these briefings.

The need to extend beyond the deadline date of December 1989, the current GI Bill is still very much in demand by many of our members. In addition, now that pay has been brought up to a comparable level, just as important toward the acquisition and retention of good people for our armed services is an educational bill. We would hope that such legislation can be approved by the Congress the very early part of 1982, if not before.

Again, I thank you for the opportunity of appearing before you in testimony and stand ready and willing to respond to any questions you or your colleagues may pose.

WRITTEN STATEMENT OF DONALD L. HARLOW BEFORE THE SENATE COMMITTEE ON VETERANS' AFFAIRS

Mr. Chairman, distinguished members of the committee: I am Donald L. Harlow, Executive Director of the Air Force Sergeants Association, which represents 157,000 enlisted men and women and their dependents.

The opportunity to come before this distinguished committee on a most important issue is deeply appreciated as next-to-adequate pay and educational opportunities are a most attractive feature in recruiting the high quality young men and women needed in today's Armed Services.

The sincere interest by members of the Congress in providing some type of educational program to replace the current G.I. Bill is quite obvious by the number of such bills introduced in both the House and the Senate. While all such bills contain varying provisions designed to obtain and retain essential manpower resources for our military services, the crux of the matter is to come up with one all inclusive bill that will fulfill the stated goals and objectives, while at the same time be cost effective. My testimony is designed to provide comments which hopefully will contribute significantly to the final deliberations and recommendations of your committee.

Losses to our military services upon passage of the public law which terminated the highly successful G.I. Education Bill as of Dec. 31, 1989, were significant.

Although the newly established Veterans Educational Assistance Program (VEAP), was designed to be a less costly substitute for the G.I. Bill, it has proven to be a failure.

Our association has submitted letters to members of the Congress requesting an extension of the G.I. Bill for those who were in the career force and were looking forward to the opportunity of completing their educational pursuits upon retirement. We still seek Congressional support for an extension of the current G.I. Bill to fulfill what many consider to be an obligation on the part of the government when they enlisted and reenlisted in a branch of the Armed Services.

The various test programs approved by the 96th Congress were done in all good faith in an attempt to determine just what was needed to implement a replacement program for the G.I. Bill. We question, however, the ability of any one-year test program or programs providing any significant trend upon which to establish a sound, economic educational program to aid in resolving our manpower problems.

In my previous testimony, I stated that our association has been concerned over the billions of dollars made available to young men and women of America, who have obtained guaranteed loans and/or grants to attend colleges and universities, yet have no obligation to serve this nation in any of our military services. Many of these same students, who are now graduates and are working in the mainstream of the business world, have either failed or refused to repay such educational loans. As Dr. Charles C. Moskos, a military sociologist, stated in his testimony on March 25, 1981, "In effect, we have created a G.I. Bill without the G.I."

We are aware of a change to the Educational Loan Program being included in the 1982 budget reconciliation bill and hopefully the final decisions associated with the program will not be counter-productive to the acquisition of the needed manpower for our military services, who can, if desired, obtain the higher educational degree through service in our Armed Forces.

In response to your letter of invitation, I will confine my remarks to H.R. 1400 and H.R. 3997, introduced by your distinguished colleague in the House of Representatives, Chairman of the Committee on Veterans Affairs, The Honorable G. V. "Sonny" Montgomery.

H.R. 1400

We certainly agree that to be eligible for the maximum 36 months of educational benefits, an individual must complete his or her initial enlistment obligation and receive an honorable discharge.

In providing essential manpower resources for Guard and Reserve, serving a minimum of 3 years active duty, or 2 years active duty and 4 years in the Selected Reserve must also be the minimum requirement.

The entitlement to a maximum of $300 per month supplemental educational assistance is essential and should be adjusted as required. To encourage longer service, increasing the supplemental assistance to $600 per month for those serving for a period of six years on active duty is a most attractive and important retention feature.

In respect to the provision of H.R. 1400 authorizing the Service Secretaries to establish a higher supplemental assistance rate for those possessing a speciality where a shortage exists within the particular service, we question the feasibility of such an authorization. In the past, we have found that additional pay has been directed to critical skills where a shortage existed. However, as soon as sufficient personnel were obtained to adequately man the critical specialty, the additional pay was stopped. This on-again off-again additional pay program impacted upon the morale of those involved. In many instances, people cross-trained to enhance their promotional opportunities. Due to the limitation of the number of personnel authorized in each of the enlisted grades, such opportunity for promotion was disappointedly low or in some instances nonexistent.

Instead of increasing the supplemental educational assistance for those possessing or cross-training in a critical shortage specialty, it would appear more logical to provide an additional specialty pay which they would continue to receive as long as they performed successfully in that needed specialty. In other words, such pay would be based on the ability of the individual to fulfill the technical requirements of the specialty, and not be associated with the supplemental educational assistance.

The opportunity for an individual to transfer his or her educational benefits to the spouse or child after serving a minimum of 10 years of active duty is a new and rather popular feature of the bills under consideration. While the Air Force Sergeants Association fully endorses any and all features of an educational assistance program that will enhance recruitment and retention of the highly qualified men and women for our Armed Services, careful consideration must be given now to the cost of the final measure passed.

If, for instance, the cost associated with the transferability of educational benefits would necessitate the removal of that feature of the bill some time in the foreseeable future, it would be perceived by many to be another erosion of benefits especially by those who remained on active duty for that specific feature of the program.

H.R. 3997

Our association has always been concerned with the vital role the Guard and Reserve play in our total force commitments. Once again, we oppose the discretionary authority resting with the Department of Defense for educational programs for members of the Guard and Reserve; therefore, we fully support the provisions of H.R. 3997 as being an entitlement program for those we sorely need within our Guard and Reserve units.

To help solve our recruitment and retention problems of the Guard and Reserve, we consider the following features of H.R. 3997 to be the minimum essential.

The individual to be a high school graduate or to hold an equivalency certificate.

Completion of initial active duty training and completion of 180 days in a Selected Reserve unit before benefits could be utilized.

The individual to agree to serve a minimum of 6 years in the Selected Reserve after September 30, 1981.

Terms of the program include payment for up to 36 months of $140 a month for full-time studies, $105 a month for ¾ time, $70 a month for ½ time, and up to $35 a month for ¼ time. The bill would limit study to institutions of higher learning or non-college, post-secondary study Educational assistance would terminate upon separation from the Selected Reserve. Should a participant fail to participate satisfactorily in training, he or she may be ordered to active duty for the remainder of the obligated period of service, but not for more than 2 years, or be required to refund a pro-rata share of the assistance used, plus interest.

SUMMARY

In closing, I have taken excerpts from Chairman Nichols' testimony of March 25, 1981. Active duty military personnel, recruiters and others having a real understanding of the importance of a bill to replace the current G.I. Bill told Mr. Nichols the following:

"Give us a new G.I. Bill. Make is simple, easy for recruiters to explain, and recruits to understand. Make it equitable. Use pay incentives and bonuses for critical skills, but education should be across-the-board. Make the benefit levels high enough to be meaningul, but not too high to force people out of the system to use that benefit. Make the G.I. Bill permanent," they said, "It is time to stop switching signals on the education benefits for the all volunteer force." And, above all, they said, "We need this recruitment and retention tool now."

Mr. Nichols. General Roberts, you have appeared before our committee a number of times. Glad to have you back.

General Roberts. Thank you.

Mr. Nichols. We will be glad to hear your testimony.

STATEMENT OF MAJ. GEN. J. MILNOR ROBERTS, AUS (RETIRED), EXECUTIVE DIRECTOR, RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES

General Roberts. Thank you, Mr. Chairman. It is indeed a pleasure to be with you this morning.

I would ask that my submitted comments be inserted in the record. I will speak briefly.

Mr. Nichols. Without objection, that will be done.

General **Roberts**. I think it must be fairly obvious that we have a major concern for the Reserve components of the Armed Forces and I am delighted that there has been legislation introduced which would assist the Reserve components.

We seem to have kind of a euphoria over in the Pentagon now because in the last few months enlistments are up, percentage of high school graduates are up in the Army, in particular, and so they think everything is to a degree just great. Well, there is one gaping void which I believe this bill would help to cure. That is the Individual Reserve of the Army, which is in absolutely deplorable condition.

The best minds at the Army War College and elsewhere feel that a minimum requirement is 700,000 in the Individual Reserve of the Army to meet a major contingency or in the Middle East, for that matter. At the present time, that number is about 200,000. In addition to that, there is still a shortage in the Army Guard and Army Reserve of about 100,000 in their unit program. This adds up to about 600,000 short, assuming that all the ones they already have would show up, which they would not. As a matter of fact, the addresses in St. Louis, where the Reserve Center is located, are only about 80 percent correct at best. So if we include the Reserve in this proposal, this will be an incentive for youngsters to join these programs and to stay with them and, therefore, build this Individual Reserve over a period of 3 or 5 years.

Absent some form of conscription, that is the only way you are going to do it. So, therefore, we recommend that Reserve participation in this bill be dependent upon a minimum of 24 months of service in the Reserve, with obviously an obligation for another 4 years, and then that the time required to meet the equal benefits with the Active Force be just doubled. In other words, for every month of service in Reserve components, you get half of what you would get in the Active Force.

We think that this is equitable. We think also that the $3,600 figure is good and that the 36-month figure is good. In other words, give them a chance for a 4-year college education.

We also believe that Reserve components should be able to use similar bills for technical or junior colleges so that while they are in the Reserve components at home, they can use that.

On the subject of transferability, we have some feeling that this is a questionable area. We feel that this would benefit the officer corps to a much greater degree than the enlisted, and perhaps there is a greater need on the enlisted side. The reason for that is that the officers, 99 percent of them, already have a baccalaureate degree. They may, therefore, want to stay in the program to benefit their children. Well, they are going to stay anyway, except for some specialties; but the enlisted people, most of them, don't have college degrees, and are apt to take advantage of the same get-out to use them. Then the cost factor is another problem, so we are not vociferously defending transferability.

Mr. Chairman, that concludes my brief remarks.

WRITTEN STATEMENT OF MAJ. GEN. J. MILNOR ROBERTS

Mr. Chairman and Members of the Committee: ROA appreciates the opportunity to testify on the Veterans' Educational Act of 1981, H.R. 1400, and similar measures. We compliment the Chairman and Members of the Committee for their recognition of the importance of this legislation.

The primary objectives for such legislation, as we see them, are acquisition of service personnel, retention of members of the Armed Services and, as an important adjunct to these two elements, the improvement of the education and quality of the servicemen and women in the Armed Services.

Using the foregoing as criteria for our evaluation of the need for and the nature of the legislation, we have reviewed the several bills already introduced in both the House and Senate and have discussed the problem with various staff members in the Congress, military commanders in both the active and Reserve Components; we also have obtained comments from individuals in the educational community.

We feel strongly that any legislation using education as an incentive for military service must take into account service in both the Active (regular) and Reserve Components. Further, provisions for use during the period of service, such as a sabbatical or part-time study, will enhance the value of the program by generating better educated and qualified service personnel.

A review of the various proposed legislation reveals that we have bills in three categories that impinge on the needs as they apply to the objective I have stated:

(1) A group of bills which we consider as education assistance incentive bills for service in the Armed Forces.

(2) The Legislation to extend the G.I. bill to veterans for a period of six years beyond discharge or release from active duty even if the period extends beyond December 1989, such as H.R. 815, introduced by Congressman Hunter.

(3) Legislation like a bill introduced by Senator Chafee, S. 665, Educational Loan Forgiveness Act of 1981 which would provide young men and women having at least two years of college education with an incentive to serve in the Armed Forces (Active or Reserve Components) through foregiveness of educational loans incurred while in college.

These three approaches each offer incentives to a different group of service people and should be handled as separate legislation. They collectively address the objectives we believe are paramount in the legislation.

Since the many bills introduced into the Congress incorporate a wide variety of elements, I will not address any particular bill specifically. Instead, I will address those elements we consider important to the success of the legislation, based on our evaluation of the problem.

(1) The educational benefit should be non-contributory and available to all personnel after serving a minimum of 24 months, beginning on the effective date of the legislation.

(2) We recommend that the entitlement be up to $3000 a year in tuition and fees with a maintenance or subsistence allowance of $250 a month while in school. In 1981 the average cost of tuition for all educational institutions in the United States is $1742.00, an increase of 16 percent over the 1979/80 school year. We can anticipate a similar increase for the school year 1982-83. As a matter of interest to the Committee, the overall average for tuition for various two and four year colleges and universities is: Public two year institutions $400; Private two year colleges $2,118; Public four year colleges $730; Public universities four years $900; Private universities four years $4,479.

We were unable to obtain the average figures for private four year colleges, but estimate them to be between $3,500 and $4,000.

It is our opinion that the above ceiling on tuition and fees will offer an excellent opportunity for education to all prospective students for the next several years. We have no doubt, however, that this figure may need adjustment in the next four or five years if inflation continues. However, it is our belief that some limit must be placed on the amount of entitlement to make it fair to all eligible participants and permit the responsible agency to properly budget for the program.

(3) As a minimum, we recommend an entitlement of one month of educational benefit for one month of active duty service up to a maximum entitlement of 36 months. This maximum entitlement will permit the individual to participate in a program resulting in a bachelor degree.

(4) We recommend that provisions be included in the legislation allowing a sabbatical or leave of absence from service at the discretion of the Secretary concerned. It appears to us that encouragement of such an educational leave program would decidedly improve the quality and efficiency of the Force and would be especially beneficial in the case of enlisted personnel operating and servicing modern military equipment and weapons systems. Many courses in theory and practical courses in technology and administration are available at Technical, Community and Junior colleges, typically within a short distance of most military installations.

(5) The inclusion of a voluntary contribution option in the legislation with DoD matching funds on a one-to-one basis, will permit the individual the opportunity to supplement his or her educational entitlement and the opportunity to extend his or her education beyond the bachelors degree. It would also provide additional funds which he/she might use to attend a private college or university with a tuition greater than the $3000 limit. Such an element will probably be inviting to those servicemen and women seriously seeking self improvement and/or a degree from a name college or university.

(6) The legislation should provide entitlement for Reserve Components personnel to education benefits with provisions for part-time study. We recommended that the Reserve Component entitlement also be non-contributory and available to all personnel after serving a minimum of 24 months beginning on the effective date of the legislation. Further, the Reserve Components should be earned at the rate of one month of educational benefit for each two months of service in the Reserve or National Guard.

The Reserve Educational Incentive program must recognize the need for flexibility and the local orientation of the Reserve or National Guard member. Provisions which permit the member to participate in Technical, Community or Junior College (especially in the case of enlisted personnel) as a part-time student toward accumulating a full year of college credits (over a period of perhaps two to three years) in the pursuit of an associate degree or bachelors degree will be very important to this program. Such a program will contribute to improvement of the educational level and efficiency of our Reserve forces, especially in the NCO ranks.

(7) The educational benefit should be used within a ten-year period following separation or discharge from either the Active or Reserve forces, and the separation or discharge must be under honorable conditions (Honorable discharge) to establish eligibility.

(8) The proposition of transferability of the entitlement to dependent children presents many questions in our minds and our inclination is to recommend against its inclusion in the legislation except in cases where such children are ineligible for military service because of physical disability.

In this connection we would like to express a few thoughts on this matter which should be given serious consideration in your deliberations.

Children of an age to benefit from transferability of the educational benefits will also be of an age at which they may enter the Service and earn the benefit in their own right. By permitting the transfer of the benefit, the government potentially eliminates these young persons as candidates for military service, thus reducing the number available for recruitment.

Transferability defers a cost to cover dependent children in the future, 20 to 25 years. Rough guess estimates made in 1979 on transferability amounted to about $360 million a year in 1979 dollars. A projection of this cost escalating into future year dollars could amount to a substantial burden on the responsible agency's budget. We are sympathetic to the objective of retention through such a mechanism, but we feel the potential retention of personnel must be evaluated against the potential monetary burden to current and future budgets and authorizations. Part of our concern is rooted in the Administration's dilemma with and thrust to reform the student assistance programs, the Guaranteed Student Loan and the Pell Grant Programs, in size and scope.

The Administration plans to focus these programs "on the truly needy" and to emphasize the traditional role of the family and the student in contributing to meeting the posts of higher education (Reference: "A Program for Economic Recovery" page 2-3). On the other hand, the President established as an overriding priority the allocation of "sufficient budget resources to rebuild the nation's inadequate defense capacities" (Reference: "A Program for Economic Recovery" page 8). In view of the above we believe the Educational Incentives program must be directed to the President's objectives for Defense and specifically to acquisition and retention of personnel, while simultaneously upgrading of the quality of the force. It must not at this time include elements for compassionate or other reasons which would be nice to have and may obliquely impact of defense readiness.

(9) The funding and justification of the program is a matter of some concern to us, especially in view of the trends indicated in budget cuts. In our opinion, the Department of Defense is the principal beneficiary on this program and is the likely agency to justify the program and budget for it. The educational incentive is intended to attract recruits and retain personnel in the several Services. It also has the potential of upgrading the educational level of our Armed Forces personnel and the quality of their performance. Further, the new Administration has committed itself

to improvement of our defense posture, and the educational incentive program is directly related to the goal.

The Veterans Administration already has many years of experience and has an established management system for the old GI bill. In recognition of this fact, we believe that the VA is the best agency to administer the program. We therefore recommend that the DOD budget for and justify the program, and transfer the funds to the VA for the administration of it.

Early in my testimony I mentioned two other approaches to the problem in the form of the bills introduced by Congressman Hunter, H.R. 815, and Senator Chafee, S. 665. These two measures supplement the Educational Incentives bill, and in our opinion are worthy of support as separate legislation by your Committee.

Congressman Hunter's bill, H.R. 815, recognizes the service member who has already earned an entitlement under the GI bill, but because of the 1989 limitation date, may not be able to exercise that entitlement if he/she remains in service for a full career. Congressman Hunter's bill would extend the deadline to six years beyond the separation or discharge of the individual eligible service member even if the period extends beyond 1989.

Senator Chafee's bill, S. 665, is an Educational Loan Forgiveness bill. To our knowledge, no similar separate bill has been introduced in the House. The purpose of this legislation is to provide incentive to young men and women (with at least two years of college education) to serve in the Armed Forces. The motivating factor is the forgiveness of educational loans incurred while in college. This legislation contains an inviting feature: the potential of improving the educational level and quality of our forces. Last year the Congress authorized a program similar to that proposed in this legislation. The bill is in effect an expansion of last year's program by extending its duration to 1983 and accelerating the rate of educational loan forgiveness by allowing the Secretary of Defense to offer this incentive to both officers as well as enlisted personnel.

Mr. Chairman, this concludes my testimony on this matter and I stand ready to answer any questions you or the Committee may have.

Mr. NICHOLS. Our next witness is Major General Brosky, president of the Air Force Association.

STATEMENT OF MAJ. GEN. JOHN G. BROSKY, USAF (RETIRED), PRESIDENT, AIR FORCE ASSOCIATION

General BROSKY. Thank you very much, Mr. Chairman and distinguished members of the committee.

I have a prepared statement which I have submitted expressing the views of the Air Force Association. I ask that it be included in the record.

However, I would like to share a few observations personally and on behalf of the association, as I view this educational assistance bill.

First, I think it is a very significant and important piece of legislation that serves a dual mission or dual purpose. One is to attract men to enter the service; and the other is to offer enhancement to remain in the service. So the two big words are "recruiting" and "retention."

On the latter point, as to retention, I think the most important element of that bill—and I strongly urge that it be included in the bill—is transferability. I think the days are gone when you have an individual entering the service concerned about individual interests. The man in the service is now concerned about family. He is family-oriented in every respect.

When I was president of the National Guard Association in Pennsylvania, one of the strongest features that we had was to offer scholarship programs not so much to the man who was coming in the service but a benefit to his children or to his spouse, and I think we have to. It is a sense of recognition to enter the service in this day and age.

We are talking about peacetime service. In fact, I don't even like the word GI bill because that gives me a World War II connotation. I would like to see it given a new name. This is an educational bill that does not come from a man in combat. It comes to offer inducements, benefits, privileges, encouragement to perform a patriotic duty to your country and at the same time be, as General Roberts says, comparable to any activity he may receive in our society.

So I think the bill, the 3 big words, you heard the song "Three Little Words," well, I think the 3 big words "recruitment" first, "retention," and "transferability" are most essential.

I also feel that an educational assistance bill should be a benefit to all members in the Armed Forces. There should be no discrimination. Both enlisted and officers should gain the benefits from this particular piece of legislation.

It should be noncontributory. I think the experience, at least from what I have read about the veterans' educational assistance program, when you expect the veteran to make a contribution, he hasn't been getting too much money. What little money he has he is going to devote to the pleasures and comforts of his family if he is married, and his children, and he cannot take that extra dollar which he doesn't have to expend it on an educational program. So it should be noncontributory.

I also think that, as we all know, and you gentlemen are so well aware of, that the Reserves and the National Guard are a fundamental element of this military system of our Nation and our men in uniform apprise us of the fact that heavy reliance is put upon the man in the Reserves and the National Guard in the event of any crisis that our Nation may be faced with. These are the elements that will be called up to support the men in the active service.

So I strongly again suggest that the benefits be accorded to the reservists and to those in the National Guard.

On transferability, if I can get back to that, first of all, I feel that the 3-year eligibility requirement or the 2 years for the educational benefits is a reasonable provision, but to ask a serviceman, to say you must be in 10 years before you get transferability, I think you are giving a benefit that is out of reach, and I think we have to keep this in mind: That the man who is in the service now, when this bill becomes effective, may have children that are leaving high school, perhaps ready to go into college. I hate to see that man say that he has to remain for 10 years before he can get transferability benefits. He needs those benefits today, and I know from my own experience the longer I have been out of school, the longer and the worse it is for me to get back in the throes of an educational system. I think to delay that program 10 years so that his children—his children—the children of the servicemen, or the spouses cannot take advantage of it within the same limitation as the educational benefit——

Mr. MONTGOMERY. Mr. Chairman, I believe if he has already been in 7 years he doesn't have to serve another 10 years. We give him credit for that 7 years under the bill that I have introduced, General Brosky. So he wouldn't have to. That is a good point. You brought up a good point. I wasn't sure myself. Counsel informed me.

General Brosky. The point I want to make is, if you are going to give the benefit to the man in the service, it must be within reach and within his grasp to take advantage of it while he is serving in the service, and that transferability must come along within a reasonable time period so that he then can have something to strive for and a goal to reach.

Yes, there is a cost factor, and it is a heavy cost factor, and I recognize that. But from the Air Force standpoint, if it is going to cost us $1 million or more to train a man in the sophisticated Air Force that we have today, if I can retain that person, I have saved millions of dollars on retraining, or training others who may be coming in to take his place.

So I feel there will be a saving to the Government by the reduction of the money to be spent on training of new personnel who may be entering the service.

Well, I think I have really extended the few minutes allotted to me. I am most grateful to you for this opportunity, gentlemen and Mr. Chairman. My appreciation is very warm and abiding.

I can say this: If this piece of legislation is passed, again I will quote from history, it will be the most important piece of legislation to affect our men in the service. We thank you so much.

Written Statement of Maj. Gen. John G. Brosky

Mr. Chairman and distinguished members of the committee, I am John G. Brosky, National President of the Air Force Association. The Air Force Association is a veteran organization comprised of 170,000 officer, enlisted and civilian members. It is my privilege to present their views on the subject of an educational assistance program to attract and to retain people in our Armed Forces.

As we consider the future there are several major recruiting problems on the horizon. Demographers tell us that the number of 18-year-old high school graduates will decrease 20 percent by 1990. This will occur at the very same time that the military forces will be growing, and there will be increasing competition from industry and colleges for high quality high school graduates.

In addition, this competition for quality skilled/trained people will affect the ability of the Air Force to retain its mid-career NCO's and officers. The Air Force is just beginning to recover from the nearly disastrous loss of NCO's and officers in the 1978–79 period and needs major incentives to retain trained people.

Complicating this problem is the expenditure of billions of dollars in federal education grants and loans to students who have no obligation for military service of any kind. The drawing power of educational incentives was clearly demonstrated in 1976 when recruiting offices across the country were swamped with people trying to take advantage of the last days of eligibility for the Vietnam Era educational program. The Air Force found that with the G.I. Bill it attracted 10 percent more high school graduates than it does today.

The present Veterans Educational Assistance Program (VEAP) which replaced the Vietnam G.I. Bill with a contributory system is something less than a success. The VEAP has less than a 6 percent participation rate in the Air Force despite a concerted program to make sure that everyone eligible is aware of it. The present tests of variations of VEAP have been characterized as not likely to elicit data which is not already available, and will merely delay the implementation of a key program.

The Air Force Association strongly believes that any new educational incentive program must enhance retention as well as help recruiting. Any new program must not work against retention by encouraging members to leave the service to make use of their educational benefits. The old G.I. Bill was a strong recruiting tool. However, large numbers of people who entered the military left to use the benefits upon completion of their initial service obligation. This was offset to a degree by in-service educational programs which helped the Air Force to retain quality people. A properly designed new Educational Assistance Bill would permit the services to compete in a critical environment for the high quality high school graduates and to retain the highly trained NCO's and officers necessary to have an effective force. The program should be structured to provide incentives "up front" to attract young people and, in addition, must have retention incentives which are designed to encourage the retention of a number of highly trained officers and NCO's.

A good retention program can assist materially in paying for the program. In 1979, the Government Accounting Office reported that 444,000 first term enlistees left the service between 1974 and 1977. The cost to the Federal Government for this loss was $5.2 billion dollars.

In addition, for those at mid-career level, especially those trained in critical specialty fields, the cost of attrition is even greater. The Air Force estimates that it costs approximately $1 million dollars to train and keep an F-15 pilot combat ready and about half of that for an F-4 or transport pilot. Highly trained NCO's are more difficult to place a dollar value on because in addition to being experts in their fields, they train new members in their career fields, and it takes 2, 3 or 4 recruits coming in to produce a well trained NCO down stream.

In view of the urgency and importance of the new educational assistance program the Air Force Association believes the new program should:

(1) Be an educational assistance program for all members of all the services, both enlisted and officer.

(2) Be non-contributory.

(3) Provide a basic recruiting incentive tied to the COLA

(4) Provide a tiered retention incentive—such as an increase up to approximately a $600 educational benefit per month for 36 months of schooling—after completing six years of honorable service (or after completing four years of active duty and signing up for 8 years in the Selected Reserve or National Guard).

(5) Provide a major retention incentive to mid-career personnel, specifically the capability to transfer the entitlement to the spouse or children after approximately 10 years of active duty.

(6) Provide the Selected Reserve and National Guard members benefits at the ratio of two months service in the Reserve Component to equal one month's service on active duty, for both the basic and supplemental benefits.

(7) Permit In-service use of the educational benefits after two years of active duty.

To be an effective incentive and retention device the program must be available to all personnel in the military services—both officer and enlisted—and should not be limited to critical skills. While most officers have degress, the program would encourage them to obtain advanced degrees thereby increasing their value to the service and to the nation. The Air Force Association opposes limiting the program to critical skills. We accept the concept of using bonuses as an incentive for critical skills. However, basis benefits such as health care and education should be available across-the-board. The program should be tiered to provide an incentive for recruitment and a further incentive for additional service. The amount to be provided ($300 a month seems to be the average) should be indexed or tied to a cost of living allowance formula. Inflation is a part of everyone's life and America's youth is well aware that the $300 a month recommended now will not provide much toward college costs, particularly since it will take them 2 to 3 years to earn these benefits. An automatic cost-of-living adjustment is essential if the incentive is to remain attractive.

The transferability concept seems to be controversial, since it has never been tried before. However, all AFA Advisory Council studies indicate that the family is playing a much larger part in determining whether or not a member makes the military a career. While it is true that most initial enlistees are single, 67 percent of the Air Force members who reenlist, or officers who remain on active duty, are married. Recent Air Force Family studies show that support from a spouse is a significant factor in the member's decision to stay in the service. The experience of the Air Force Association validates the studies. The decision to stay in has become a family decision and a family commitment, too.

Part of the problem of "staying in" is military mobility. Military personnel average a move every two-and-a-half years. In today's environment most military wives are working to supplement the family income. Thus, a wife who wishes to continue her education reduces the family income and in almost all cases must pay expensive out-of-state tuition. Transferability would alleviate this condition.

However, children are affected most of constant mobility. Many families are discouraged to find that despite high Scholastic Aptitude Test scores, few scholarships are available to military children. Frequent moves and changes of schools and locations inhibits the potential for competing for scholarships. Yet their classmates, who have been privileged to live in one place, are eligible for these scholarships.

A military parent must face the painful decision of staying in the service and reducing the availability of a college education for his wife and children, or leaving for a civilian job which will enable him to provide a more stable life for his family. This is equally applicable to officers and enlisted personnel albeit for differing reasons.

The decision to remain in service is usually made around the 8–10 year point, at a time when the realities of military vs. civilian life are most apparent. Transferability would provide the service members the option to remain in-service and to provide a better life for their families. We strongly support the concept of transferability!

It is our opinion that legislation similar to H.R. 1400 would provide a balanced educational assistance program and provide a most important benefit for career personnel. Without the transferability feature the "new G.I. Bill" could work against career programs in the Air Force.

In addition, we believe that the December 31, 1989 deadline for eligibility for Vietnam Era G.I. Bill entitlements should be extended, as many of the members presently on active duty will be forced to leave the service to take advantage of their earned benefits.

I want to commend this committee for holding these hearings on such an important subject. (It gives service members the opportunity to see that the Congress is interested in programs which are of vital importance to them.)

In addition, I wish to express the gratitude of the members of the Air Force Association for providing us this opportunity to present our view on this very important legislation.

Mr. NICHOLS. Thank you, General. We appreciate your good testimony.

Our final panelist is Maj. Gen. Robert Cocklin, executive vice president of the Association of the U.S. Army.

STATEMENT OF MAJ. GEN. ROBERT F. COCKLIN, AUS (RETIRED), EXECUTIVE VICE PRESIDENT, ASSOCIATION OF THE U.S. ARMY

General COCKLIN. Thank you, Mr. Chairman.,

I can summarize very briefly my written testimony, which you already have. I assume it will be placed in the record.

I would like to enumerate a few things we think are important about the bill, rather than talk in more general terms.

An educational benefit bill should serve two basic functions in the DOD manpower equation, namely, aid recruiting and contribute to the retention of quality personnel. To aid recruiting, the bill should restrict eligibility to high school graduates with honorable service. It should provide a 2-year enlistment option, preferably just for the Army, provide entitlement for pure Reserve service, a maximum entitlement of 36 months for a full 4-year college program, the benefit earned on the basis of 1 month of education for 1 month of service or 4 months of Reserve service. Entitlement should be a monthly allowance of approximately $300.

Now, as an incentive in retaining high-quality young men and women in the service, the bill should include a provision for a monthly entitlement increase to $600 for 6 or more years of service, grant 10 years after final service separation to complete the using of the entitlement, provide for transferability of basic benefits to dependent children after 10 years of active service.

In order to be of benefit to the Army, any educational benefit should provide a competitive edge to the Army. This is because the Army faces the largest recruiting task and is historically the third least attractive service for high-quality recruits.

Chart 1 that is attached to my written statement will show you what I am talking about. A competitive edge could be provided by permitting an exclusive 2-year enlistment option and permitting the Secretary to add to basic entitlement for critical skills.

Finally, an educational benefit package for the services can be had without adding to the Federal budget by reducing the Department of Education's student grant and loan programs to the extent necessary to pay for the proposed cost of this entitlement. I have a chart 2 attached to my written testimony which illustrates this point.

A bill containing the provisions of H.R. 1400 and H.R. 3997 would have our full support.

That concludes my statement.

WRITTEN STATEMENT OF MAJ. GEN. ROBERT F. COCKLIN

Mr. Chairman: I am Maj. Gen. Robert F. Cocklin, AUS Retired, Executive Vice President of the Association of the United States Army. The Association of the United States Army appreciates the opportunity to express its views on the subject of educational assistance for recruiting and retention of the Armed Forces.

The Army achieved its recruiting goals in Fiscal Year 1980, while making up a significant shortfall from Fiscal Year 1979, but it did so at a cost; and that cost was quality. This year, aided by a sluggish economy, substantial pay increases and the test educational incentives, Army recruiting performed even better, meeting or exceeding both quality and quantity goals. However, as you are well aware, the authorized strength of the Active Army has been constrained to that level it was judged they could recruit. The required strength level to properly man the 16-division force is at least 50,000 above this figure.

In the eight years that the all-volunteer system has been in existence, it has become abundantly clear that it has not been successful in providing the manpower needed for the Total Army. When I use the term Total Army, I mean active, Reserve and National Guard. These latter two elements have a combined shortage of approximately 100,000 men. It is equally clear that, with the exception of fiscal year 1981, in the all-volunteer environment quality has been consistently compromised in the interest of quantity. The Army has not been able to recruit high school graduates in Category I-III in the numbers desired.

For Example: The Army in 1976, the last year of the Vietnam-era GI Bill, reported almost 32 percent of its non-prior service, high school diploma graduate accessions were in the mental category I to IIIA. By 1980 that percentage had fallen to about 21 percent. For 1981 it is back up to almost 30 percent. As for mental category IV high school graduates, the percentage was lower in the draft era—7 percent as compared to 27 percent today.

There is a direct connection between the decline in quality enlistees and the termination of the GI Bill (December 1976) and the greatly expanded post-secondary school financial support available for the asking from the Federal Government. The charts accompanying my submitted testimony show this relationship. As the charts clearly indicate, all the Services have suffered a loss of high scoring male high school graduate accessions since the end of the GI Bill. It is the opinion of this Association that the most serious obstacle to the recruitment of the desired numbers of high school graduates, Category I-III, is the inability of the Army to offer educational benefits better than those obtainable through education grants or loans from other Federal agencies, where no service to the country and little likelihood of pursuit in loan collection is likely. The current contributory VEAP program falls far short of the goal and the ULTRA VEAP is both restrictive and complicated.

There is no overwhelmingly attractive incentive for the bright young man or woman who is a high school graduate to enter the Army. Traditionally, of the four Services, the Army has ranked third in the propensity of individuals to enlist in the Armed Forces (see Chart 1). As the Service with the greatest manpower problem, this clearly indicates the need to provide Army recruiters with an incentive having a competitive edge.

We believe that a new educational incentives program is necessary to meet the challenges of recruitment and retention of military personnel in both our Active and Reserve Forces if we are adequately to man the force in the 1980s. Since the Gates Commission proposed an All Volunteer Force in 1970, with the support of the Congress, the Army, as well as the Department of Defense, has employed a variety of initiatives to attract adequate numbers of qualified recruits and to retain experienced soldiers. We believe that an improved educational incentives bill is an absolutely essential addition to that incentive package.

We believe it important, whatever educational assistance be enacted, to recognize that there are two distinctly different but complementary functions to be served by educational assistance legislation: to attract and recruit bright young men and women into the Army; and, secondly, to encourage those same bright young men and women to remain in the Army.

For recruiting quality recruits for the Total Army, AUSA believes that the educational benefits legislation should include the following provisions:

Eligibility restricted to High School Graduates with honorable service and limited to use in post-secondary schools only.

A two-year enlistment option. Most experts in the recruiting business do not believe that you can obtain substantial numbers of quality enlistments in the active force without this provision.

Provide entitlement for pure reserve service.

Maximum entitlement; 36 months of education, a full four-year college program.

Basic benefit earned on a basis of one month of education for one month of active service or four months of reserve service.

Monthly subsistence allowance should, initially, be similar to the Vietnam Era GI Bill, approximately $300. However, inflation is very much a part of the student's life. Whatever the basic entitlement is determined to be, it should have an automatic cost-of-living adjustment if it is to be an attractive incentive. Only minimal payouts are going to be made before the third year after enactment. By then even the most inexperienced potential recruit will recognize $300/month will not provide much toward post-secondary school costs. The 1981–82 tuition, room and board for state universities average $4,000, while prestigious universities will top $10,000.

In order that the individual services may be competitive in the market place, we believe that the Secretaries of the Military Departments should be granted the authority to add such additional incentives to the basic educational package to fill critical military occupational specialties as the Service may be willing to fund, and the Congress authorize. The Army must have a competitive edge to attract quality enlistees from the decreasing supply of young men. This is entirely consistent with bonus and incentive plans already used by all the services.

As an aid to the retention of quality careerists, the following additional provisions should be considered:

Monthly subsistence allowance increased to $600 for six or more years of active service after date of enactment.

Transfer of earned entitlement to dependent children after ten years of active service.

Grant ten years after service separation to complete using entitlement.

Extend the current termination date of the Vietnam Era GI Bill, 31 December 1989, to ten years after final separation. This will preclude those careerists now eligible for this benefit from confronting the painful decision to leave the service in 1985 to use it or remain in service and lose the opportunity.

Permit careerists, now eligible for VEAP, who become eligible for any new education benefit to withdraw personal contribution, with interest.

As for funding, AUSA believes the basic entitlement for active/reserve service should be funded by the VA and all other provisions by the Department of Defense.

This incentive for military service could and should be financed without increased Federal funding by reducing the amount of funds available in Department of Education grant and loan programs. In fact, it is AUSA's belief that if these programs are not significantly reduced, it is questionable if any new Veterans Educational Assistance Program would significantly improve the quality of personnel voluntarily entering the service. Not only is no service required for those other Federal programs and no pay back is required for grants, but the national direct student loan program reports over $732 million in defaults. We have developed a system of educational benefits that offers more to those who choose not to serve their country than to those who do (see Chart 2).

Despite the unwillingness of the Administration to support legislation for a GI Bill at this time, past experience and the preliminary results of the various tested educational recruiting incentives indicate it is now time to provide a strong educational incentive to those who would serve in our Armed Forces. A bill containing the provisions of HR 1400 and HR 3997 will do just that.

YATS DATA

WHERE MEN WANT TO SERVE - SELECTING A SERVICE

	75	76	77	78	79	80
AIR FORCE	20.4%	17.9%	15.7%	15.6%	15.3%	18.6%
NAVY	19.6%	16.5%	15.5%	14.4%	13.4%	13.1%
ARMY	18.4%	14.5%	12.7%	11.8%	11.8%	13.0%
MARINE CORPS	14.9%	12.4%	11.0%	10.0%	10.0%	10.8%

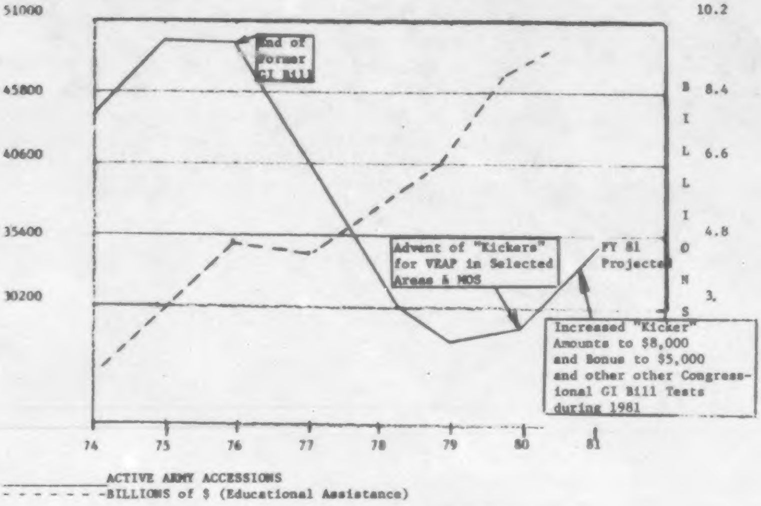
FALL WAVES, YOUTH ATTITUDE TRACKING STUDY, QUESTION 5, POSITIVE PROPENSITY TO SERVE IN SPECIFIC SERVICES.

PREPARED BY:

THE PUBLIC SECTOR RESEARCH GROUP OF MARKET FACTS, INC.
1750 K. STREET, N. W.
WASHINGTON, D. C. 20006

CHART # 1

NON-PRIOR SERVICE MALE HIGH SCHOOL GRADUATE
ACTIVE ARMY MC I-III A ACCESSIONS
VS.
NON-MILITARY EDUCATION ASSISTANCE (LOANS AND GRANTS)



End of Former GI Bill

Advent of "Kickers" for VEAP in Selected Areas & MOS

FY 81 Projected

Increased "Kicker" Amounts to $8,000 and Bonus to $5,000 and other other Congressional GI Bill Tests during 1981

FEDERAL GOVERNMENT AID TO STUDENTS FOR HIGHER EDUCATION
(recipients - thousands)

	74	75	76	77	78	79	80
National Direct Student Loan(Borrowers)	680	690	764.6	795.1	808.6	861.4	861
Guaranteed Student Loan (Number)	938	991	1298	973	1085	1510	2314
Basic Educational Opportunity Grants 1/	573.4	1228	1945.4	1863	1893	2600	2608
Supplemental Educational Opportunity Grants 1/	395	390	449.2	499	510	614.7	650
College Work-Study Programs 1/	570	570	696.6	845.3	852.5	972.5	980
Student State Incentive Grants 1/	733.3	813.1	701.9	1104	1161.4	1217.5	1226
	3889.7	4682.1	5855.7	6079.4	6310.5	7776.4	8631

1/ Number of recipients

Source: Department of Education: Quality Assurance Department

Chart 2

Mr. Nichols. Thank you, General.

We appreciate the testimony of all of you gentlemen.

I am going to interrupt the proceedings a little bit to present to the committee our new member here who has been with us for the first time this morning, Congressman Joseph Smith. He was elected to the Congress in a special election of July 21 of this year.

I saw him in the cloakroom the other day and told him I would be delighted to help him in any way that I could to orient himself. He told me a little of his background. I told him I didn't believe he needed a guardian because he has had a wealth of service that certainly should accrue to the benefit of the subcommittee and the full committee, including 11 years in the Pennsylvania State Senate and a lengthy apprenticeship as administrative assistant to our good friend and late Congressman from Pennsylvania, Jimmy Byrne.

Also, for the benefit of my General friend that sits to my right, I would want him to know that he is a combat soldier, having served in World War II with the 89th Infantry Division.

We are delighted to have you as a member of our committee, Mr. Smith.

I think we ought to have a little applause for him. [Applause.]

Mr. Nichols. We will go into our questioning here. I will begin a little bit here by starting with General Roberts.

I want to comment on this Individual Ready Reserve, General. I think we are in worse shape than the figures show. I want to ask you, this figure of 200,000 that is shown in the Individual Ready Reserve, in effect doesn't that figure include first-term people who for one reason or the other are AWOL or have dropped out before the end of their first enlistment? Aren't these people automatically put into the Individual Ready Reserve?

General Roberts. Not those who are separated in the early stages of their training. In other words, those who fail to complete basic and AIT, but those who are excused after 1 year or 1½ years, let's say, yes. They are not the most reliable people, I think, that you could find.

One of the things in that 200,000 that may not be apparent is that about 60,000 of those are officers. Another 20,000 or 30,000 are warrant officers. There are another 50,000 or so senior enlisted. The number of rifle-carrying young men in there is about 14,000 souls.

That isn't what you are going to need for combat replacements, to say nothing of what the Active Forces is going to need, as well as the Reserve components. It is a very serious situation.

Mr. Nichols. The point I am making is that this Individual Ready Reserve deficiency has been a problem that we have been saddled with for a long time. It is terrible. There is no reliance you can place on that figure of 200,000 because it is not a realistic figure?

General Roberts. No. It is not realistic in terms of what the real need is. If Mr. Montgomery's bill were ever adopted, that would solve the real problem. Unfortunately, politics being what they are——

Mr. Nichols. You are not talking about H.R 1400?

General **Roberts**. I am talking about his bill that would provide for qualification of all the registrants and then the authority to draft up to 200,000 per year for the IRR.

Mr. **Nichols**. Yes, I agree that would solve the problem.

General **Roberts**. This bill would ease that situation, in my judgment.

Mr. **Nichols**. I did not understand exactly your recommendation of a man having to spend 24 months in the Reserve before he had an entitlement. How does that differ from H.R. 1400?

Is it more restrictive? It is, isn't it?

General **Roberts**. Yes. Yes. We feel that he has to show himself to that extent. We have had, unfortunately, a number of people enlist in the Guard and Reserve, put in a minimum time, and then begin to fail to show up at drills, and there used to be punitive action taken. Unfortunately, that is no longer the case.

We feel that an individual has got to show that he is serious and he is going to live up to his contract.

Mr. **Montgomery**. Will the gentleman yield?

Mr. **Nichols**. I yield to Mr. Montgomery.

Mr. **Montgomery**. Just briefly to explain what the procedure would be when we get this bill up to vote. I plan to offer an amendment that is, in effect, the bill I have introduced, H.R. 3997, for the Guard and Reserve, which would say that a reservist who signed up for 6 years would be entitled to 36 months of educational benefits up to $140 a month. They may begin using these benefits after completing active duty for training for 180 days of service. This would be for both officers and enlisted personnel.

The reason why it is not in the bill is because it is in a different section of the law that comes under this subcommittee's jurisdiction. We thought it would be best to offer it as an amendment when the bill comes up before this committee.

I only say that so the witnesses today who are vitally interested in Reserve affairs will be updated on what we plan to do.

Mr. **Nichols**. Thank you, General.

I just have one other question of General Brosky.

You said that your Air Force Association would support the provisions that would provide educational benefits to officers as well as enlisted men, and I am inclined to agree that we should not show a partiality there, but I have to ask the question: What degree of additional retention do you foresee we would get out of this bill? Let's say we had an ROTC graduate who had completed 4 years and had obtained a B.S. degree, or an Air Force Academy man who comes out with a pretty good education.

General **Brosky**. The famous word, I guess, around a retired military man who takes a Government job is double-dipping, or something like that. I probably would make an exception in this case and feel that an Academy graduate who has already received a substantial educational benefit should not become eligible unless he has put in an obligatory period of time for that which was already given to him. So if it took him 4 years to go through the Academy, he should serve his 4 years, let's say, on active duty and then become eligible after that period of time. I do not think he should be denied the benefits forever if he desires to remain in the service. He should get the benefits. He will be married.

I think we can assume he would get married, that he would have children, that his family should receive the transferability benefits; but, however, Mr. Chairman, I would suggest that he not become eligible until he served an adequate period of time for that education which he had received in the academies.

Mr. NICHOLS. Does anyone else want to comment on that?

General COCKLIN. I would like to make the point that we think as a practical matter in AUSA that officers ought to be excluded from this bill. It is not a matter of putting them down, certainly; but the problem in getting officers is not very great. Most of them come with a college education already.

I think what we are looking at here is trying to have a bill—and that is why I like the word "GI bill," because it is for GI's—that would attract and retain good young people in our Armed Forces. So from our standpoint, we do not feel that the bill should be placed in any jeopardy just to take care of officers.

Mr. NICHOLS. Mr. Mitchell.

Mr. MITCHELL. Thank you, Mr. Chairman.

First I would like to commend all the witnesses on their statements. I know they will prove very helpful to us during our deliberations. I would like to compliment you, too, on the contribution you make to the welfare of those individuals who served their country. It is certainly very worthy work.

General Roberts, in discussing transferability, you mentioned, too, that it benefits officers more. Would you deny the GI bill to officers or deny them transferability?

General ROBERTS. I think our general feeling was that the transferability is a dubious thing to include overall, not only for the impact on our officers versus enlisted, but more so for the impact of OMB on what the costs are going to be down the track and what the possibilities are of what later Congresses may do.

We have no hard opposition to transferability. We are questioning it more than we are violently opposed to it.

Mr. MITCHELL. How about for officers, though? You mentioned the GI bill would benefit them more. General Cocklin said the same thing.

General ROBERTS. I don't think we have a position on officers versus enlisted. I am not going to sit here and say we ought to exclude officers. I don't believe I could justify that to my constituents when I say that.

I think from a practical point of view this would, as a matter of fact, benefit officers more than enlisted on the transferability phase of it because, as has been mentioned, they already have their higher education. They can use it to pass along to their children. An enlisted person often does not have a college education. Even after 10 years, if he still needs it, he will get out to get it.

So we defeat our own purpose. He is going to get out of the service to get his own education. We want to keep him in.

Mr. MITCHELL. The gaping void you referred to in the Individual Reserve of the Army, just how effective do you think the GI bill would be with a Reserve provision that Mr. Montgomery has referred to, in closing the gaping void? Do you think it would help a great deal, or a little bit?

General **Roberts**. I think it would not help a great deal, no. I don't think we are going to solve our problem, but I think we would take a very constructive step. In the last administration they proposed to pay a bonus to people to join the IRR. They got about 400 souls out of the whole country.

Mr. **Mitchell**. Is that right?

General **Roberts**. Yes. It was almost a total wipeout. This is not the total answer, but this is a constructive thing to do.

I can't give you the exact numbers, but I would say it would enhance recruiting to the extent that it would fill up the Selected Reserve of the Army, and that is where the problem is, and then some, so that we would have a flow into the IRR from those Selected Reserve people.

Mr. **Mitchell**. Mr. Beilke, you talked about transferability and compared it with a pay raise. You mentioned that they cost about the same, the general pay raise or the transferability feature.

I guess one of the arguments for the GI bill is that it may attract brighter recruits. We have had a problem over the past few years of taking too many grade C or category IV people. How do you feel about that?

Mr. **Beilke**. The GI bill, as I mentioned in my statement, and after listening to the guidance counselors from the high schools—will be a viable alternative to the individual who is mentally qualified but not economically able to go to school. If we can get a career counselor in a high school to tell this young man or young woman, "Call your recruiter, here is a way to go to school," I think the GI bill will serve a very good purpose in recruiting individuals.

Now, if the individual is going to come into the service because of the GI bill and then later on we say we are going to use it for retention, then it doesn't appear to me that the individual is really coming in for the GI bill.

I don't think transferability is going to retain him if he originally came in for his own educational purposes.

Across the board, and when we look at it, as you know, we have perhaps 50 percent of our force that is married. We have a lot of people out there who do not need and will not use transferability. I am sure they would just as soon see the money in their pockets.

General **Cocklin**. Mr. Mitchell, could I comment on that?

It is our observation from the mail we get, and so on, that cash and educational benefits attract different kinds of people. With the constraints that we have put on by the Congress, which I thoroughly support, in raising the level of the people we are getting in, I think we ought to be looking to a greater degree to the group that are attracted by the educational benefits rather than those who are looking for a fat bonus to go out and buy a new car and that is about the end of it. That is our view.

Mr. **Mitchell**. General Brosky, in talking about transferability—I guess talking about just getting a reasonable period of time before the individual is eligible—you mentioned a factor of retroactivity, people getting credit for service they have already made. How many years—how far back do you think we should go with those in the services now so that they will get credit for having served their country without even knowing there was going to be a GI bill? Should we go back 4 years, 6 years, 8 years?

General **Brosky**. Without considering the aspect now of the retroactive type of legislation, I really feel that we should go back to the length of time that is necessary to become eligible for the bill itself. I don't think it is fair to have a man who has been in service 10 years and then say all right, the bill becomes effective tomorrow, now you must serve another 3 years or another 10 years, or 7 years, as Mr. Montgomery said. He must be—will be ready for his pension.

Mr. **Mitchell**. I would think Mr. Montgomery might want to estimate the costs of that someplace down the line. I am sure he doesn't have it now. It seems to me if you make everyone eligible for the GI bill who has been in service that period of time it is going to increase the costs a huge amount.

General **Brosky**. Yes, it will. But let's look at it this way: I think all of us have the same purpose in mind, the same intent. That is to enhance the quality of the armed services.

I think we have to restructure our thinking. The old image of the man in the service is gone. You have a sophisticated type of person coming into the service. You are going to have quality. You want well-trained personnel; and, really, gentlemen—and I think we are nearsighted in trying to divorce ourselves from the thought that a man in the service is family oriented. I keep coming back to that: How many of our men have left the service? I can give you my own personal experience. My son left the service at the encouragement of his wife. She says, "We can't live on this salary, we can't have children and expect them to be educated and still do our duty." She said, "You did your duty. I think we should look for our future—our family" future is what she is thinking of. I am talking from experience.

I think we should keep this transferability element in our mind.

Look back on history. Have pay raises retained everybody? You have given pay raises right along. It hasn't been the inducement to keep the well-qualified, well-trained person in the service. So bonuses and pay raises in and of themselves are not sufficient.

As General Cocklin said, look at the quality that you want. Yes, you want the rabble-rouser who would love the pay raise that can squander that money; you have that element. But we are looking to the future. You are looking ahead. I think if you look at the population decrease of our youth, we are going to be faced with in the next 20 years—let's consider ourselves in an educational assistance program that will retain the quality of men that we are going to get in today; men and women that we are going to receive today. They are looking for those kinds of inducements which will retain him so that he can get the maximum benefits for serving his country. I think that is the image.

This is the greatest piece of legislation to help the serviceman in peacetime. I keep emphasizing that. That is the structure, the image, the projection that we must have when we are considering this type of legislation.

Mr. **Mitchell**. Mr. Chairman, I realize my time has expired. I think Mr. Harlow has a comment.

Mr. **Harlow**. Thank you.

Mr. Chairman, my people, the people I represent whom I have to speak for are encouraged and like the transferability feature.

There are several things we have to really consider, though, when you take and look at the word transferability.

The single individual. That does nothing for the single individual. We have been fighting for a long time the educational opportunity for the young men and women who get a guaranteed loan, or grant. They go to college, get their degree, have no obligation to serve this country whatsoever, and a lot of them still owe money. There is still over $2 billion owed to the U.S. Treasury for this education.

The other thing is a matter of conjecture as to how many people are actually going to use it. Are they going to stay for it? Nobody knows. But it is a good feature.

I think last but not least is the fact that if this should be approved and later on down the line it was found the cost was prohibitive, it would be cut off and then we are back to the old syndrome of erosion of benefits. Somebody gets cut off in the middle of their educational opportunities.

That is a very fine feature which is attractive to a lot of people, but it has to be very carefully handled and thought out before it is implemented costwise and otherwise. That is exactly the way we feel about it.

Mr. Nichols. Yes, Mr. Beilke?

Mr. Beilke. If I could, Mr. Mitchell, one short comment.

Transferability, as I understand it, will not pay the complete cost of the education of the dependent, spouse or children. Therefore, if we are not paying our service people at the present time enough money for them to live and to stay in, even with transferability, they are not going to be able to take on this extra cost of paying someone to go to school.

Mr. Nichols. General Montgomery.

Mr. Montgomery. Thank you, Mr. Chairman.

I would like to point out to Mr. Smith, the new member of this committee, how a five-member panel can be so brief. They are military oriented to get right on the target. I think this is one of the few committees where you can bring in witnesses and they hit the target and move right on.

We certainly appreciated that we can get into the nuts and bolts of where the problems lie and what we should do.

Mr. Beilke, you represent mainly enlisted personnel in your group?

Mr. Beilke. No. We represent both, but our membership is more officer than enlisted, Mr. Montgomery.

Mr. Montgomery. Thank you, sir.

Don Harlow, you mentioned about extending the GI education bill. I believe that would come under the House Veterans' Affairs Committee jurisdiction. It is going to be a hot issue. I don't know whether we want it or not.

Let me point out some things you might think about:

Actually, a person who would serve 6 more years in the military would be better off under H.R. 1400 than they would under the old educational bill if we extended it, plus it is not going to be that easy if you extend it only for the people that are still in the service, which we would consider. Then we are also going to have the 3 million discharged veterans who didn't use it, and their time has expired; they are going to come in and ask. So really we have some problems.

It sounds good to extend it, but I just wanted to make the point for the record that we really are talking about a lot of big bucks. We will have to certainly take a hard look at that.

General Roberts, on the Individual Ready Reserve, as I understand it, reservists and guardsmen don't go into the Individual Ready Reserve; is that correct?

I am just asking for information.

General ROBERTS. They do go into it if for any reason they are out of the unit program. This is much more true of the Army Reserve than the Guard. I believe it has applicability to the Guard as well.

Let's say, for example, that an individual enlists in a Guard or Reserve unit and that he has been in there for several years. He then transfers to Moose Jaw, Mont., or someplace where there isn't any unit in which he can participate. He has automatically moved into the Individual Ready Reserve because he has an obligation for 6 years. This happens a lot. We are a very transient society. Our people move——

Mr. MONTGOMERY. And he is put in the Individual Ready Reserve?

General ROBERTS. If it is not possible for him to be in a unit, then he is automatically in the IRR. You get thousands of these every year.

Mr. MONTGOMERY. We heard General Berkman, who is at the Pentagon, head of the Army Reserve. He testified that raising the $2,000 to $4,000 educational benefits for individual reservists increased enlistments—increased the use of the program tremendously. That is a pretty good example of what I am trying to say.

We actually have an educational GI bill right now for reservists, but not for the active forces.

General COCKLIN. May I comment on that, sir? When you raised it from $2,000 to $4,000, the increase in the Army Reserve alone was 156 percent. The Guard and Reserve combined was 165 percent. I suggest that is quite a jump and indicates clearly that educational benefits do have a great attractiveness to people.

General ROBERTS. There is no question about that, Mr. Montgomery. The States found that out a long time ago. At least 20 States in this country provide for educational assistance to the members of the National Guard and in some cases to the Reserve.

In Ohio it is up to $1,000 a year a person can get for education if he is a member of the Guard.

The point is well taken.

However, I do not believe this is a total answer. I think that that—with the matching fund thing—has its attractiveness, but this would be far more.

Mr. MONTGOMERY. General Brosky, the Congressional Budget Office in effect said what you said, that you can give money to attract people into the service and it will work right now, but down the line, to get more quality, so people can do the technical jobs, you are going to have to have other incentives.

I don't think they came out and said this educational bill will do the job, but they did make the point that the idea is you are going to have more than just money to attract people into the service.

I know we are doing a good job in recruiting in the National Guard and Reserve, but we are right above category IV. We are not getting the top students out of these schools nor are we getting the top students into the regular forces.

We are getting a low category III—that is the impression I have from the educators that came in here. They said you just don't get them. They go to college; they go somewhere else. I would hope this bill would have a tendency to attract a better educated, quality person.

General **Brosky**. I think this bill is in very good taste. As I tried to put across to you, I think it is a new look for the future. There is an enthusiasm, a freshness in this bill that we haven't had in other bills. This is why I am so excited about this bill. It goes far beyond any GI bill we have had before.

We have had a stilted format and procedure in the past. Here is a new look to the future. Here is something to strengthen the Armed Forces. Here is an inducement to bring them in. You have that plus features that you don't have in the GI bill.

My good friend Don Harlow says, "Well, what about the single man?" The point is it is there if he wants it.

I would extend it not only to college. I am thinking in terms of enlightening all of America in every aspect; and if this bill can be applicable to community colleges, skills, training, and other areas that will be productive to strengthen our country and other aspects, isn't that a great benefit that you are providing to all society and not just to the man in the service?

Mr. **Montgomery**. Thank you.

May I have 2 more minutes, Mr. Chairman?

Mr. **Nichols**. I think, General, you made your case pretty good.

Mr. **Montgomery**. Maybe I better quit.

Mr. **Nichols**. The Chair will grant you 2 more minutes.

Mr. **Montgomery**. I will quit. I have seen them have a bill passed, kept talking, and lost the whole thing.

General **Brosky**. I recall one comment. Governor Lawrence told me back home, you know, if speeches could get you elected, William Jennings Bryant would have been President.

Mr. **Montgomery**. General Cocklin and Mr. Harlow touched on it, too, but in reverse, that there is an obligation in this educational bill, but we have a $5 billion educational program out there now that has no obligation to it. These kids come in and get it. I don't know if they appreciate it that much or not.

General Cocklin, you mentioned a 2-year option. Will you explain this to the subcommittee? We are not locked into this bill.

General **Cocklin**. One of the things that we think would be attractive would be to provide a 2-year enlistment option rather than the longer term for the Army to give that sort of competitive edge. In other words, as I pointed out in one of my charts, we have the—we are the third-ranking service in terms of popularity among young people who want an enlistment.

We are looking at various aspects that would——

Mr. **Montgomery**. In other words, aid the Army? Our bill says 3 years for Regulars.

General **Cocklin**. We would make it 2 years and make it just for the Army. That is the point we are trying to make as an additional competitive edge.

The chart I had attached to my testimony takes you historically back to 1975 and shows what the propensity of the youth to join the services would be; and over that entire period the Army is in third place.

Of course, the Army being the largest of the services has the biggest recruiting problem to begin with.

We would look for some competitive edge in this if it is possible to provide it.

Mr. **Montgomery**. Mr. Chairman, I only want to comment—thank you, General Cocklin—yes, it is an expensive piece of legislation; but if everything went just like we drew up the bill, the big cost factor wouldn't hit until 1994, and then compared to the military budget, it wouldn't be a blockbuster; it would be just over $1 billion, $1,400 billion.

This does not include cost of living or indexing. We didn't put that in the bill and don't think at this time that it should be in there.

General **Cocklin**. Sir, on that point I hope we do not lose sight of the fact that we have these other programs where we are putting out money for education to people and requiring no service in return. It is our belief that if money were taken for those programs and service to the country became the criteria for getting money from the Government, I don't think there would be any additional costs to the Federal Government at all.

Mr. **Montgomery**. That is an excellent point. I don't think we could do it, but I think it makes a lot of sense if we could transfer it from the Department of Education over into Defense.

Mr. **Nichols**. Mr. Smith.

Mr. **Smith**. I have no questions at this time, sir.

Mr. **Nichols**. Mr. Skelton.

Mr. **Skelton**. I arrived a little bit late. I would like to see, if I could, how many on the panel today favor transferability to children and how many do not. How many favor it?

[Show of hands.]

Mr. **Nichols**. General Cocklin, General Brosky, Mr. Harlow, and Mr. Beilke.

General **Roberts**. We have one caveat there.

Mr. **Skelton**. General Roberts, you do not agree; is that correct?

General **Roberts**. That's correct, in general. We do favor transferability to sons or daughters of service people who cannot qualify for enlistment in the Armed Forces on their own right because of disability.

Mr. **Skelton**. The rest of you feel that there should be transferability with no obligation to serve; is that correct?

General **Cocklin**. Yes.

Mr. **Beilke**. Mr. Skelton.

Mr. **Skelton**. That's correct? Is it correct?

Mr. **Harlow**. That is not one of our positions. We think the obligation to serve goes along with the transferability.

Mr. **Skelton**. That is not my question. My question is transferability without the obligation to serve your country one way or the other. How many are for that?

So that limits it to General Cocklin and General Brosky. The rest of you, I assume, General Roberts, Mr. Harlow, Mr. Beilke, are opposed to that?

General **Cocklin**. To be sure we know what we are talking about, you are saying that the children could not receive it unless they served?

Mr. **Skelton**. Unless the children themselves served.

General **Cocklin**. Right. Since the father has already earned the right, why do they have to serve? That is my question.

Mr. **Skelton**. Because what you are going to do down the road, General, is wipe yourself out of the possibility of recruiting those children in 10 or 20 years. They will have absolutely no personal obligation to join the service.

General **Cocklin**. Sir, let me disagree with that. I don't see there is a connection necessarily between the two. We have a lot of people who are getting their own education now who joined the service. So the fact that somebody is getting an education paid for by their father's service wouldn't necessarily say by any means that they weren't going to join the service.

Nor am I suggesting they no longer have an obligation to serve their country.

What I am saying is I think the father having earned the right, he is entitled to use it, and that the child should not be penalized for it.

Mr. **Skelton**. Sorry we disagree, General. I feel you are wrong, sir.

I would like to ask a question which is a little off the subject of General Brosky. I understand you are a superior court judge; is that correct, sir?

General **Brosky**. That is my primary occupation.

Mr. **Skelton**. I came into the question about a year ago of trying to obtain juvenile court records for the military recruiters. Do you have an opinion on that sitting where you do today as a judge in that area?

General **Brosky**. Mr. Congressman, let me share experiences with you. Twenty-four years as a State trial judge before I became an appellate court judge, which is the superior court in Pennsylvania, for the benefit of our colleagues on the bench who are not familiar with the court system.

I would still preserve the confidentiality of all juvenile reports. I have personal knowledge of youngsters who perhaps got into trouble in their youthful days, today are executives of corporations, prominent civic leaders in the community. I do not think that a blemish that they might have had for an indiscretion as a youth should be resurrected to be held against them or to be used in any capacity.

I would not open up the files. I would preserve confidentiality. I would preserve the privacy of those indiscretions of our youth that happened in their minority years.

As a trial judge there was a period in which the defense lawyers would say, "Your Honor, if you dismiss these charges, this young man will immediately go down and join the Marine Corps, the Air Force, or the Army"; and there was a tendency on the part of some of my colleagues to say, "Well, that's great; he has become very patriotic and we don't want him to take a record into the service."

Unknown to my colleagues, that young man went into the service, didn't change his conduct one bit, and in 90 days he was probably dismissed for being incorrigible in the service.

You can't bring them back and sentence them for the crime he committed.

He had not served the country in any capacity.

I applaud the chief justice in Pennsylvania of our supreme court who issued a directive to all the judges and said hereafter the judge must decide the case and impose the sentence that he deems essential in that particular incident without any regard for the man's declaration that he intends to go into the service.

So quickly there was a reversal.

I applaud my judges who said, "Look, we are not going to use this as a defense any more in the future. We are going to judge the crime and impose the sentence that that particular person deserves under the circumstances."

Mr. SKELTON. I appreciate your comments very much, sir. Thank you.

Mr. NICHOLS. Thank you, Mr. Skelton.

Mr. Wincup.

Mr. WINCUP. Mr. Chairman, I would like to ask General Cocklin a question.

You have already addressed the issue of the competitive edge. Are you aware of the information that suggests if the uniform benefit is provided to all the services that in fact Army recruiting will be hurt?

General COCKLIN. Yes, I am, for the same—because of the same propensity of people to enlist in other services prior to the Army, except the Marines.

Mr. WINCUP. So there is a risk that unless the Army is accounted for specifically, not only will the situation not get any better——

General COCKLIN. It will exacerbate the problem. It stems from two things, the propensity of people to join the Army, and the fact that the Army has greater numbers to recruit.

Mr. WINCUP. Thank you, Mr. Chairman.

Mr. NICHOLS. I understood General Brosky to say that he didn't believe that increased military pay had had anything to do with keeping our people in the military.

Would you repeat what you said? Maybe I misunderstood you.

General BROSKY. I said the increase in pay perhaps was an inducement to enter the service. I question, however, its effectiveness for retention of the man in the service.

Mr. NICHOLS. Thank you, sir.

I just picked up something last week. Sergeant Harlow, you would be interested in this. Several members of the Armed Services Committee met with our counterparts in Great Britain. The escort noncommissioned officer was Sgt. Pete Steffes, who is an E-9.

We were talking about pay. I asked the sergeant how many years he had. He said he had 23 and was an E-9. He said, "You just don't know how helpful this increase in pay is to us," and he said, "A number of my chiefs in the blue suits are thinking about staying."

I had, in my own mind, contrived that when a man puts in 20, you know, he hangs it up, different from the old brown shoe army in which people stayed for 30 years.

I was glad to hear that.

General **Cocklin**. Could I comment on that? We finished our big annual meeting in Washington last week. We had about 185 sergeants-major from the Army present. In a meeting of their own I can tell you they very much appreciated the pay raise and exactly the same thing you heard is true there.

There is a reevaluation going on, and I think it was extremely helpful. We are most grateful for it.

Mr. **Nichols**. Well, I was pleased to know there is a reevaluation apparently going on with people who have already made their 20 years, you see. Somewhere in all of the debate and discussion with the Senate, I am afraid some of us, including the chairman here, had lost sight of that aspect of it.

General **Roberts**. Mr. Chairman, I would also share the view that particularly with people who had been in the service anywhere from 8 to 12 years, this increase in pay will make it possible for them to stay.

The bulk of the people getting out are getting out for sheer economic reasons. They liked the service, wanted to stay, but they couldn't afford to stay.

I think with your action getting this pay bill through they are going to stay in significant number.

General **Brosky**. Mr. Chairman, I wanted to supplement those remarks of my colleagues on the panel. We are not denegrating the pay raise. For God's sake, we are complimenting you to high heaven.

The midcareer personnel after a certain period of time, 10 years, thereabouts, the pay raise has been inducement to stay with the service thereafter.

Mr. **Nichols**. Thank you.

General **Brosky**. Congratulations to all the members of the committee who voted for that wonderful piece of legislation.

Mr. **Nichols**. Thank you, gentlemen. I appreciate your testimony very much.

Our next witness is Mr. Paul Sacia, legislative assistant, National Farmers Union.

STATEMENT OF PAUL R. SACIA, LEGISLATIVE ASSISTANT, NATIONAL FARMERS UNION

Mr. **Sacia**. Thank you, Mr. Chairman.

Mr. **Nichols**. I would just say I hope in our discussion you will outline specifically what this educational program is. I must plead ignorance. I am personally not acquainted with it.

Mr. **Sacia**. I will be very specific.

First of all thank you for conducting this hearing today. Even more than in earlier times, in farming today there is an increasing premium on management ability and skill. Today's farmer must

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adapt to new technology, changing markets, and the increasing use of procured inputs and borrowed capital.

Over the years some progress has been made in closing the educational preparedness of entry farmers, an area in which the GI bill farmer cooperative training proram and its predecessor, the institutional on-farm training program, have been of very significant help.

Under the 3 GI bills, from 1946 to 1981, a total of some 945,000 veterans have used their educational eligiblity for the farm training program.

At the peak of the World War II GI bill, in 1951, 383,000 veterans were taking the farm training classes. At the peak of the Korean GI bill, 88,000 veterans were taking farm training in 1956. At the peak of the post-Korean era, something over 31,000 veterans were taking farm training, in 1976 and 1977.

Participation in the three GI bills on a national basis is shown in attachment A, showing the cumulative total for the farm training activity.

A year-by-year participation total for the first two GI bills is shown in attachment B, again showing the activity in the institutional on-farm training program.

The record of participation for the third GI bill, from 1968 to the present, is shown in attachment C.

A State-by-State breakdown of participation in farm cooperative training under the post-Korean GI bill is shown in attachment D for the years 1971 through 1980.

The participation has declined in part because veterans have exhausted their eduational eligibility and in part because the new contributory program under Public Law 94-502 has been a rather dismal failure.

One of the most significant points about the GI farm training program is its record in preparing entry farmers and subsequently retaining them in active farming.

Two extensive surveys of past participants in GI farm training have been conducted in the State of Minnesota. In the first instance, a followup study of 3,179 veterans who had completed GI farm bill training in the years from 1954 through 1956 indicated that 6 to 8 years after the training 83.7 percent of the persons were actively farming and another 3 percent were in related agribusiness fields.

Preliminary results of the more recent study covering 1968 through 1980 will, according to officials of the Minnesota State Department of Education, show a retention rate of 88 percent to 92 percent in farming with another 4 percent in agriculture-related businesses.

That is a remarkable record, certainly unmatched by any other agricultural educational program.

The other major educator of entry farmers, the agricultural departments in our land grant universities and agricultural colleges, are graduating about 17,000 persons a year with degrees in agricultural subjects. Of these, on the average, less than half enter active farming, the majority engaging in agriculture-related vocations.

There is, of course, a vital educational program of adult vocational agricultural classes operated by secondary school agricultural departments. These classes serve about 21,500 persons each year, but these students almost totally represent established farmers seeking to upgrade their technical skills.

The question may well be asked: With the decline in the number of farming units, why do we need to be training any farm replacements?

During the decade of the 1970's, the turnover rate in farm operators was about 65,000 persons a year, That represented the number of persons needed to replace the farm operators going out of business, retiring, or dying. That was the estimated number of people needed as entry farmers, taking into account that some consolidation of farming units was taking place.

Based on data made available to us by the authors of the USDA study, "U.S. Farm Numbers, Sizes and Related Structural Dimensions, Projections to the Year 2000," (technical bulletin 1625, July 1980) we are able to project that the probable need for entry farmers in the period from 1984 to 2000, will be about 43,000 a year.

Assuming that the agricultural colleges will continue to confer degrees on about 8,500 persons a year who will take up farming, and assuming again that the farm cooperative training program under the GI bill is terminated, the net effect will be that we will be educating about one-fifth of the entry farmers who will be needed in the years ahead.

We speculate on the assumption that the farm cooperative training program will be discontinued from the fact that the House bill, H.R. 1400, Veterans' Educational Assistance Act of 1981, specifically drops the farm program from the types of educational programs which would be eligible for assistance under the new program.

It is well to recall the specific purpose of the GI bill as spelled out in section 1651, chapter 24, title 38, United States Code:

> The Congress of the United States hereby declares that the education program created by this chapter is for the purpose of (1) enhancing and making more attractive service in the Armed Forces of the United States, (2) extending the benefits of a higher education to qualified and deserving young persons who might not otherwise be able to afford such an education, (3) providing vocational readjustment and restoring lost educational opportunities to those service men and women whose careers have been interrupted or impeded by reason of active duty after January 31, 1955, and (4) aiding such persons in attaining the vocational and educational status which they might normally have aspired to and obtained had they not served their country.

We strongly believe it would be discriminatory and unfair to decree that young people who interrupt their educational or farming careers to serve the Nation in the Armed Forces would be denied the opportunity to take up where he or she left off a few years back because Congress had dropped the farm cooperative training program from the GI bill.

National Farmers Union looks with favor upon the concept of reenacting the kind of GI education law which prevailed before the adoption of Public Law 94-502 in 1976.

It is imperative, however, in our view, that any new authorizing legislation, fully provide for continuation of the farmers cooperative training system.

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WRITTEN STATEMENT OF PAUL R. SACIA

From its formative stages 80 years ago to the present day, National Farmers Union has taken a particular interest in education, one of the basic elements in the Farmers Union "triangle" of education, cooperation and legislation.

Even more than in earlier times, in farming today there is an increasing premium on management ability and skill. Today's farmer must adapt to new technology, changing markets and the increasing use of procured imputs and borrowed capital.

Over the years, some progress has been made in closing the educational gap between farm and nonfarm residents, but only in the age groups from 20 to 45 has near-parity educational attainment been achieved by farmers.

A crucial concern of the National Farmers Union is the educational preparedness of entry farmers, and area in which the G.I. Bill Farmer Cooperative Training program, and its predecessor, the Institutional On Farm Training program have been of very significant help.

Under the three G.I. Bills, from 1946 to 1981, a total of some 945,000 veterans have used their educational eligibility for the farm training program.

At the peak of the World War II G.I. bill, in 1951, 383,000 veterans were taking the farm training classes. At the peak of the Korean G.I. bill, 88,000 veterans were taking farm training in 1956. At the peak of the Post-Korean era, something over 31,000 veterans were taking farm training in 1976 and 1977.

Participation in the three G.I. bills, on a national basis, is shown in attachment "A", showing the cumulative total for the farm remaining activity.

A year-by-year participation total for the first two G.I. bills is shown in attachment "B", again showing the activity in the institutional on-farming training program.

The record of participation for the third G.I. bill, from 1968 to the present is shown in attachment "C".

A state-by-state breakdown of participation in farm cooperative training under the Post-Korean G.I. bill is shown in attachment "D" for the years 1971 through 1980.

The participation has declined in part because veterans have exhausted their educational eligibility and in part because the new contributory program under Public Law 94-502 (VEAP) has been a rather dismal failure.

One of the most significant points about the G.I. farm training program is its record in preparing entry farmers and subsequently retaining them in active farming.

Two extensive surveys of past participants in G.I. farm training have been conducted in the State of Minnesota.

In the first instance, a follow-up study of 3,179 veterans who had completed G.I. farm bill training in the years from 1954 through 1956, indicated that six to eight years after the training, 83.7 percent of the persons were actively farming and another 3 percent were in related agri-business fields. (See attachments "E".)

Preliminary results of the more recent study, covering 1968 through 1980, will, according to officials of the Minnestoa State Department of Education, show a retention rate of 88 percent to 92 percent in farming with another 4 percent in ag-related businesses.

That is a remarkable record, certainly unmatched by any other agricultural education program.

The other major educator of entry farmers, the agricultural departments in our Land Grant Universities and agricultural colleges, are graduating about 17,000 persons a year with degrees in agricultural subjects. Of these, on the average, less than half enter active farming, the majority engaging in ag-related vocations.

There is, of course, a vital educational program of adult vocational agricultural classes, operated by secondary school agricultural departments. These classes serve about 21,500 persons each year, but these students almost totally represent established farmers seeking to upgrade their technical skills.

The question may well be asked—"with the decline in the number of farming units, why do we need to be training any farm replacements?"

During the decade of the 1970's, the turn-over rate in farm operators was about 65,000 persons a year. That represented the number of persons needed to replace the farm operators, going out of business, retiring or dying. That was the estimated number of people needed as entry farmers, taking into account that some consolidation of farming units was taking place.

Based on data made available to us by the authors of the USDA study "U.S. Farm Numbers, Sizes and Related Structural Dimensions, Projections to the Year 2000," (Technical Bulletin 1625, July, 1980) we are able to project that the probable need for entry farmers in the period from 1984 to 2000, will be about 43,000 a year.

Assuming that the Agricultural Colleges will continue to confer degrees on about 8,500 persons a year who will take up farming, and

Assuming again that the Farm Cooperative Training program under the G.I. Bill is terminated, the net effect will be that we will be educating about ONE-FIFTH of the entry farmers who will be needed in the years ahead.

We speculate on the assumption that the Farm Cooperative Training program will be discontinued from the fact that the House bill, H.R. 1400, "Veterans Educational Assistance Act of 1981," specifically drops the farm program from the types of educational programs which would be eligible for assistance under the new program.

It may be noted that paragraph 1444, "Program Administration," in H.R. 1400, fails to retain Section 1682(c)(1), the language which authorizes the Farm Cooperative Training program.

Whether this deletion was intentional or inadvertent, we consider it a grave mistake to remove the option for veterans to use their G.I. educational eligibility for farm-related education.

It is well to recall the specific purpose of the G.I. bill as spelled out in Section 1651, Chapter 24, Title 38, USC: "The Congress of the United States hereby declares that the education program created by this chapter is for the purpose of (1) enhancing and making more attractive service in the Armed Forces of the United States, (2) extending the benfits of a higher education to qualified and deserving young persons who might not otherwise be able to afford such an education, (3) providing vocational readjustment and restoring lost educational opportunities to those service men and women whose careers have been interrupted or impeded by reason of active duty after January 31, 1955, and (4) aiding such persons in attaining the vocational and educational status which they might normally have aspired to and obtained had they not served their country."

It would be discriminatory and unfair to decree that young people who interrupt their educational or farming careers to serve the Nation in the Armed Forces would be denied the opportunity to take up where he or she left off a few years back because Congress had dropped the Farm Cooperative Training program from the G.I. Bill.

We note, with approval, that at least one of the several Senate bills, S. 26, by Senator Pressler, continues all the education activities now eligible for assistance under the G.I. bill under the proposed new program.

National Farmers Union looks with favor upon the concept of re-enacting the kind of G.I. education law which prevailed before the adoption of Public Law 94-502 in 1976.

It is imperative, however, in our view, that any new authorizing legislation, fully provide for continuation of the Farmers Cooperative Training system.

ATTACHMENT "A"

THREE GI BILLS

COMPARISON OF PARTICIPATION RATES

			POST-KOREAN CONFLICT		
	World War II June 1944 - End of Program	Korean Conflict Sept. 1952 - End of Program	Peacetime Post-Korean[1] June 1966 - Sept. 1980	Vietnam Era[2] June 1966 - Sept. 1980	Vietnam Era Veterans Only June 1966 - Sept. 1980
Veteran population	15,440,000	5,509,000	3,050,000	9,625,000	9,625,000
Total trained	7,800,000	2,391,000	1,399,446	6,283,637 [3]	5,562,314 [4]
Percent	50.5%	43.4%	45.9%	65.3%	57.8%
School trainees	5,710,000	2,073,000	1,314,820	5,738,191	5,016,868
Percent	37.0%	37.6%	43.1%	59.6%	52.1%
College	(2,230,000)	(1,213,000)	(736,739)	(3,842,038)	(3,522,629)
Percent	(14.4%)	(22.0%)	(24.2%)	(39.9%)	(36.6%)
Other schools	(3,480,000)	(860,000)	(578,081)	(1,896,153)	(1,494,239)
Percent	(22.5%)	(15.6%)	(19.0%)	(19.7%)	(15.5%)
On-job trainees	1,400,000	223,000	64,717	510,414	510,414
Percent	9.1%	4.0%	2.1%	5.3%	5.3%
Farm trainees	690,000	95,000	19,909	35,032	35,032
Percent	4.5%	1.7%	0.7%	0.4%	0.4%

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[1] Service after January 31, 1955 but no service after August 4, 1964.

[2] Service between August 5, 1964 and December 31, 1976.

[3] Includes 721,323 who last used training as service personnel.

[4] Includes only those using training as veterans.

ATTACHMENT "B"

GI BILL TRAINEES

WORLD WAR II AND KOREAN CONFLICT -- 1945 - 1966 ESTIMATE

(Thousands of Trainees)

WORLD WAR II						KOREAN CONFLICT				
Total	College Level	Schools Other Than College	On-Job Training	Farm	FISCAL YEAR	Total	College Level	Schools Other Than College	On-Job Training	Farm
					1966					
*	*	*			1965	22	16	5	*	*
*	*	*			1964	48	36	11	*	*
*	*	*			1963	93	69	23	1	1
*	*	*			1962	172	123	44	2	3
*	*	*			1961	306	210	83	5	8
*	*	*		*	1960	502	332	140	13	17
*	*	*		*	1959	755	493	205	28	29
1	*	*	*	*	1958	951	590	268	53	40
3	1	1	*	*	1957	1,056	643	286	77	49
103	50	50	1	2	1956	1,025	587	301	88	48
221	93	95	6	27	1955	857	454	280	81	41
445	164	186	21	74	1954	511	260	163	64	24
933	284	429	60	160	1953	188	96	57	28	6
1,743	478	859	123	282	1952					
2,500	732	1,160	226	383	1951					
3,098	1,056	1,302	374	367	1950					
3,223	1,232	1,106	542	343	1949					
3,579	1,492	1,090	702	294	1948					
3,639	1,664	815	915	245	1947					
1,180	535	265	352	29	1946					
35	24	8	2	*	1945					

* Less than 500.

NOTE: Totals may not add due to rounding.

ATTACHMENT "C"

CHAPTER 34
INDIVIDUALS IN TRAINING FROM FISCAL YEAR 1967 TO FISCAL YEAR 1980
By Type of Training

	Fiscal Year 1980	Fiscal Year 1979	Fiscal Year 1978	Fiscal Year 1977	Transition Quarter	Fiscal Year 1976	Fiscal Year 1975	Fiscal Year 1974	Fiscal Year 1973	Fiscal Year 1972	Fiscal Year 1971	Fiscal Year 1970	Fiscal Year 1969	Fiscal Year 1968	Fiscal Year 1967
GRAND TOTAL	1,109,790	1,278,330	1,381,000	1,837,874	1,320,947	2,621,314	2,691,360	2,330,608	2,133,393	1,844,130	1,584,866	1,210,731	923,013	683,919	467,003
College level - Total	842,303	960,433	1,164,308	1,381,183	890,322	1,925,436	1,603,573	1,337,008	1,181,320	1,094,313	917,309	677,240	329,515	413,714	338,793
Graduate	95,463	114,385	157,906	157,883	93,331	198,305	190,776	189,333	181,360	190,359	146,093	122,608	90,314	83,758	73,460
Junior college	427,300	486,780	572,244	712,300	461,946	1,054,402	860,417	590,034	467,272	380,980	321,035	304,080	--	--	--
Other undergraduate	319,615	360,679	434,068	511,248	334,045	673,230	627,380	941,331	532,776	504,254	449,462	300,492	429,201	370,956	265,325
Other schools - Total	190,130	225,636	303,301	404,379	339,049	738,037	804,360	800,693	793,330	637,962	521,873	418,630	330,000	234,276	129,090
Vocational & technical	37,000	56,150	43,753	57,515	46,366	96,651	111,277	120,225	125,757	113,000	96,600	84,040	74,216	72,003	48,787
Other technical school	117,670	136,400	190,274	202,200	220,330	430,941	490,580	519,230	490,300	433,449	340,201	263,226	204,090	157,834	75,590
High school	12,034	17,004	20,251	67,176	33,290	137,941	123,132	104,981	74,090	30,973	28,014	17,105	13,971	9,076	4,721
Flight	21,031	20,900	26,047	46,126	29,314	42,971	44,080	44,710	43,061	42,647	52,827	49,303	36,317	14,341	--
Farm cooperative	6,702	10,310	16,236	31,353	20,090	31,133	26,704	20,449	13,494	8,084	4,072	814	300	120	--
On-job training - Total	74,108	84,267	93,279	112,382	72,376	146,041	191,623	211,907	188,686	161,683	145,604	116,833	66,498	18,629	--
Apprentice	40,385	44,884	48,858	57,865	37,908	71,007	90,189	100,840	96,357	91,052	88,613	76,177	50,221	17,634	--
Other	33,763	39,383	44,721	54,527	34,468	75,034	101,434	111,067	92,329	70,631	56,991	40,656	16,277	995	--
VETERANS - TOTAL	1,017,720	1,174,220	1,268,003	1,732,183	1,205,933	2,335,432	2,424,670	2,120,366	1,936,700	1,724,230	1,479,830	1,123,654	862,643	642,318	445,037
College level - Total	777,472	892,634	1,078,803	1,286,694	847,973	1,803,496	1,599,629	1,276,770	1,141,430	1,035,310	893,941	638,492	313,211	404,137	329,138
Graduate	73,033	85,763	118,748	128,673	36,871	166,380	170,933	167,551	162,487	153,074	133,387	112,163	91,464	78,730	68,687
Junior college	414,331	466,213	557,045	680,302	492,463	1,089,388	832,570	568,045	450,326	387,557	319,612	203,093	--	--	--
Other undergraduate	289,388	336,088	400,820	471,719	318,639	627,109	596,126	541,193	510,625	494,087	441,042	323,236	421,747	325,407	260,571
Other schools - Total	163,630	193,327	242,499	353,093	282,304	585,093	633,424	630,730	609,382	527,069	449,393	348,329	282,936	222,552	116,290
Vocational & technical	30,282	34,039	40,078	52,539	40,641	90,104	90,756	103,481	103,277	91,083	79,300	60,084	61,431	61,077	44,116
Other technical school	100,301	114,228	140,708	190,518	120,977	370,050	479,081	443,256	423,965	365,942	289,220	221,540	171,130	136,088	67,753
High school	12,605	17,208	24,292	32,895	15,643	57,313	30,440	33,907	29,133	25,756	23,050	16,124	13,492	9,726	4,000
Flight	15,370	16,256	20,308	39,990	31,064	36,408	38,395	38,567	36,710	35,970	44,365	41,030	36,317	14,341	--
Farm cooperative	6,702	10,310	16,236	31,353	20,090	31,133	26,704	20,449	13,494	8,084	4,072	814	300	120	--
On-job training - Total	74,108	84,267	93,279	112,382	72,376	146,041	191,623	211,907	188,686	161,683	145,604	116,833	66,498	18,629	--
Apprentice	40,385	44,884	48,858	57,865	37,908	71,007	90,189	100,840	96,357	91,052	88,613	76,177	50,221	17,634	--
Other	33,763	39,383	44,721	54,527	34,468	75,034	101,434	111,067	92,329	70,631	56,991	40,656	16,277	995	--
SERVICE PERSONNEL - TOTAL	92,070	104,110	113,197	105,691	115,014	286,002	266,690	210,242	196,693	119,900	105,036	87,077	62,370	41,601	21,966
College level - Total	65,113	72,799	74,293	84,407	42,349	121,900	95,946	69,360	29,912	29,040	23,440	10,740	13,304	9,377	9,407
Graduate	21,970	25,302	27,256	30,300	16,660	32,100	28,865	21,082	10,021	17,205	12,805	10,525	7,080	5,028	4,663
Junior college	13,237	16,576	15,909	24,086	9,483	44,707	35,047	17,900	7,946	2,343	2,223	967	--	--	--
Other undergraduate	29,926	31,021	31,040	30,379	16,206	45,044	31,254	20,378	13,145	9,367	8,420	7,756	7,436	4,349	4,794
Other schools - Total	24,326	31,311	40,062	81,284	72,665	164,142	170,944	109,873	140,971	110,913	81,380	60,337	47,064	32,024	12,330
Vocational & technical	1,760	2,116	2,675	5,136	3,829	9,367	12,521	16,734	22,085	22,006	17,079	16,036	12,385	10,176	4,671
Other technical school	17,080	22,179	29,370	45,691	45,373	68,062	79,440	76,082	74,425	67,507	51,063	43,070	33,760	21,706	7,837
High school	209	566	1,090	34,381	17,807	80,620	72,684	70,994	45,376	14,723	4,936	1,661	919	152	31
Flight	5,461	6,430	6,436	6,136	3,660	6,085	6,251	6,143	6,343	6,677	8,462	7,596	--	--	--

NOTE: Correspondence data are not separately identified in this table as they are elsewhere.

ATTACHMENT "D"

NUMBER OF POST-KOREAN GI BILL TRAINEES WHO USED COOPERATIVE FARM TRAINING AS THEIR LAST TYPE OF TRAINING BY STATE AND FISCAL YEAR

Fiscal Years*

Location of Training	1980	1979	1978	1977	T. Q.	1976	1975	1974	1973	1972	1971
Alabama	37	40	56	153	119	97	44	0	0	0	0
Arkansas	1,017	1,559	2,486	4,494	4,120	5,763	5,410	4,153	2,271	1,070	650
Florida	267	368	554	1,030	904	1,119	953	613	394	298	109
Illinois	39	57	78	117	94	99	81	45	39	29	28
Indiana	119	303	747	2,199	2,216	2,579	2,028	1,023	212	54	0
Iowa	536	1,195	2,211	4,422	2,904	3,855	3,834	3,140	2,646	1,831	558
Kansas	34	120	142	252	212	147	31	0	0	0	0
Kentucky	281	260	263	232	131	149	0	0	0	0	0
Louisiana	0	0	8	19	18	70	71	50	48	55	41
Minnesota	1,140	1,300	2,081	4,008	2,549	2,972	2,950	2,432	1,273	824	277
Mississippi	167	215	240	412	194	163	83	0	0	0	0
Missouri	1,242	1,625	1,911	3,138	2,647	2,804	1,597	1,171	792	585	210
Nebraska	382	707	1,300	2,355	1,390	2,057	2,394	2,656	2,441	1,916	1,103
North Carolina	426	749	1,246	2,325	2,134	2,582	1,890	961	620	397	143
North Dakota	186	359	592	1,237	1,019	1,232	976	552	191	67	0
Ohio	25	53	82	107	76	91	23	0	0	0	0
Oklahoma	85	163	432	1,536	1,595	2,059	1,669	1,130	678	490	88
South Carolina	8	16	19	62	46	46	34	0	0	0	0
South Dakota	181	320	528	962	735	1,179	1,098	1,050	857	591	356
Tennessee	353	496	646	1,047	864	792	407	141	0	0	0
Virginia	39	44	39	57	47	75	36	36	33	0	0
Wisconsin	218	365	565	1,120	792	1,122	1,092	1,146	947	660	484
Wyoming	0	1	9	62	30	72	71	50	52	0	0
Total	6,782	10,515	16,235	31,346	24,856	31,124	26,772	20,449	13,494	8,867	4,047

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* Prior to 1977 Fiscal Years ran from July 1 to July 30.

T. Q. Transition Quarter - the period from July 1, 1976 to September 30, 1976.

Fiscal Years after 1976 run from October 1 through September 30.

ATTACHMENT E

FOLLOWUP STUDY OF VETERANS WHO HAD COMPLETED INSTITUTIONAL ON-FARM TRAINING UNDER G.I. BILL STATE OF MINNESOTA, 1960

This study of 3,719 veterans, who had completed Institutional On-Farm Training progams under the G.I. Bill in the years 1954–1956, was conducted in 1960 by the Minnesota State Department of Education. During that period Farm Cooperative Training programs were functioning in 106 schools in the state.

Of the 3,179 student, the following data was reported: 2,663 persons—or 83.7 percent—were farming 1960. 110 persons—or 3.4 percent—were in ag-related business. The average gain in net worth per farm from 1954 to 1956 was from $15,813 to $24,106, an advance of 58.7 percent per farm. The average gain in farm capital from 1954 to 1956 was from $18,676 to $28,693, an advance of 55 percent per farm.

Of the 406 farmers not continuing in farming or ag-related business, the leading reasons why trainees discontinued farming included: loss of lease, inability to secure satisfactory farm, lack of adequate credit, farm unit too small, poor or marginal land, and crop failure.

Mr. NICHOLS. Thank you, Mr. Sacia. Would you explain to me how this training actually works? Certainly if a man had accumulated 36 months of entitlement, he could go to the University of Michigan and study agriculture, or he could go to Auburn University and study agriculture. There is no question about that.

Is this particular training on-the-job training? Does he hire out to somebody or work on his father's farm and accumulate credits? What sort of certificate does he get to show that he has been training? What sort of formal education does he receive?

Mr. SACIA. In all honesty, our director was supposed to present this testimony. He got sick. I would like to respond to that specifically, but I am unable to. I would ask to be permitted to submit that information for the record.

CORRECTION OF NFU STATEMENT PRESENTED TO SUBCOMMITTEE ON MILITARY PERSONNEL AND COMPENSATION, U.S. HOUSE COMMITTEE OF ARMED SERVICES, ON OCTOBER 28, 1981

GI farm management training is availed to persons already involved in farming at secondary schools where adult education is offered and at vocational technical schools. It is a three year program requiring 440 hour credits. The emphasized subject categories include farm management, animal science, farm mechanics, soils and agronomy, and agriculture economics. Flexibility within the program does allow for some on-the-job credit accumulation. A student receives a certificate indicating total credit hours at the completion of the program.

Mr. NICHOLS. We will be pleased to receive it.

Mr. Montgomery.

Mr. MONTGOMERY. Mr. Chairman, I appreciate our witness pointing this out today. He is correct. In drawing up the bill, we did leave out a number of below-college-level programs—we left out on-the-job and apprentice training, not only for agriculture but for other areas of on-the-job training, such as flight and correspondence training.

Mr. NICHOLS. Would the gentleman yield on that point?

What about trade schools? Surely trade schools would be covered under his bill.

Mr. MONTGOMERY. Yes, Mr. Chairman they would be covered under H.R. 1400, as reported. In the bill, the term "program of education" means any curriculum or any combination of courses or subjects pursued at an educational institution generally accepted in fulfilling requirements for the obtaining of an educational, professional, or vocational objective. Trade or technical schools come within this definition and are covered in the bill.

Basically, farm cooperative training under the GI bill is a program for a veteran engaged in full-time agricultural employment who takes some courses which are related to his agrucultural employment. The program is not like a degree program but is measured by clock hours, the same as a person taking on-the-job training. In other words, a young man can work on a farm and go to school part time, and we will not pay him the full benefit of the GI bill, but instead pay him a reduced amount.

One of the reasons we left this program out of this bill is that we have a hard time now administering educational benefits for on-the-job training for agriculture. That's what the VA tells us. It is a problem to run them down and see that they are actually pursuing the objective, I mean that they are successfully completing on-the-job training.

Mr. Chairman, we have also cut back on the GI benefits for other veterans' programs. We have almost eliminated the correspondence schools now in the GI education. We have done away with reimbursement of expenses for flight training that we previously paid for, basically because the administration told us we had to make some cuts in veterans' benefits. We thought this would hurt the veteran the least if we did cut back on correspondence courses and cut out flight training and the education loan program. Now that is why we left this farm cooperative training program out of the bill.

The man or woman can still go to Auburn University and get a degree in agricultural. We would pay for the agricultural education program under the GI bill we have introduced here. We did leave out the on-the-farm training, however.

Mr. **Nichols**. Mr. Smith, do you have any questions?

Mr. **Smith**. I have no questions at this time, Mr. Chairman.

Mr. **Nichols**. Mr. Skelton.

Mr. **Skelton**. Thank you. I appreciate the gentleman bringing this to our attention. I think it is something we should take a look at.

I understand the problems that arise with it, but we also know that some of our finest servicemen come from the farm and wish to return to the farm, so I think it would behoove us well to take into consideration the position of the National Farmers Union.

I appreciate you bringing it to our attention, sir.

Mr. **Sacia**. Thank you.

Mr. **Nichols**. Mrs. Byron.

Mrs. **Byron**. Thank you, Mr. Chairman.

I had five questions for the last panel. I turned my back and you got rid of them all.

Well, I am one up on you, because I had my questions answered in the hall off the record. I saved the taxpayers a lot of money.

Let me give you a couple of questions. On-the-job training, I think, is an important factor. There are many vo-tech schools we have throughout the country which probably would not qualify under the new bill; is that your understanding?

Mr. **Sacia**. That is our understanding.

Mrs. **Byron**. For the rationale that no degree is given and yet they are qualified schools to operate in vo-tech training. I think many of our more rural areas have a very strong emphasis in the high school area, and after high school as an option as opposed to a junior college education.

I think your points are very well taken. I think it is an area that we should look into, because once again many of the backbones of our military are the people from the farm areas and the rural areas who will need that type of an educational benefit at the time when they are going to leave the service and get back into their own community. So I think your points are well taken.

Mr. SACIA. I should just say that our rural citizens have shown a great record for wanting to serve in the military services. Any enticements at all such as educational assistance would be greatly appreciated.

Mr. NICHOLS. Thank you very much for your testimony, Mr. Sacia. We appreciate your being with us.

[The following statements were also received and, without objection, will be printed in the record:]

WRITTEN STATEMENT OF JOHN M. RAU, NATIONAL PRESIDENT OF THE NAVY LEAGUE

Mr. Chairman and Members of the Committee: I am addressing you today not only in behalf of over 42,000 dedicated Navy League members, but as a product of the WWII GI Bill. I saw service as a Navy enlisted man in both WWII and Korea—but between wars obtained three engineering degrees from the Massachusetts Institute of Technology, awarded simultaneously. My education was paid for in substantial part by the GI Bill.

I also am addressing this issue on behalf of the men and women of our armed services—particularly the sea services—with whom I have recently had substantial contact. I append a report of my around-the-world trip to visit ships and installations of our Navy, including over a week in the Indian Ocean on all of the ships of one of our task groups there. As a former first-class Petty Officer, I spent most of my time with Chiefs and other senior Petty Officers discussing their feelings and beliefs, their needs and requirements. In over 100 hours of such conversations I obtained, I believe, the true feelings of literally hundreds of officers and men.

I do not believe it necessary to dwell on the rigors of service in the Navy at sea or specifically in the Indian Ocean, nor on the problems which our services face in terms of retention of skilled personnel. Let me say only that the nature of this duty, the long family separations, and the tremendous technical skills that we require for our sophisticated equipment impose an unusually hard burden on our young people.

It was very clear to me throughout my four-week trip (and subsequent trips) that the issue of compensation, of pay and benefits, is something which is extremely important to our sailors at sea and on shore. They view it not only for its intrinsic value, but also as an expression of the interest and concern that the citizens of our country have for what they are doing to protect the freedom of the seas. Second, in order of their concerns, immediately after pay and allowances, as the GI Bill. This is viewed as a most important benefit and one which concerns the very best of our people, the brightest and must upwardly mobile, the ones we wish to keep. The points concerning the GI Bill that they conveyed to me, and I in turn wish to make for them, principally are:

1. The current situation, with the GI Bill terminating in 1989, thus forcing people to leave the service in 1985 if they wish to take full benefit of it, is obviously counter-productive. They believe that the bill should be extended either open-ended, or at least to provide for an adequate number of years after leaving the service.

2. They believe, and particularly those who intend to make the Navy a 20- or 30-year career, that it is both unfair and unwise not to have the benefits "transferable" to members of their families. Many of these men will have gained college degrees during their long period of service, through correspondence courses, or night school attendance during infrequent assignments ashore, and they believe they should be allowed to transfer their benefits to wives or children. (I would presume that female sailors would feel the same way; however, I did not encounter any of them in the Indian Ocean, of course.)

3. Many of the more senior petty officers believe these benefits (including transferability) might well be scaled in accordance with length of service—thus encouraging the individual to stay in longer so as to improve benefits.

As a businessman and a taxpayer, let me make some further points: (1) an educational benefits package is an optimum form of compensation because it does not raise retirement costs; (2) many people are encouraged by it who would in the final analysis not actually use it; and (3) its net cost to the country is probably a benefit and *not* a cost—because of the GI Bill, the tremendous input of trained people to our society after WWII was largely responsible for the prosperity that the country then experienced.

We in the Navy League, and I personally, urge you most strongly to support the continuation and the enhancement of these benefits.

Thank you.

WRITTEN STATEMENT OF COL. GEORGE F. HENNRIKUS, JR., USAF (RETIRED), DIRECTOR, LEGISLATIVE AFFAIRS, THE RETIRED OFFICERS ASSOCIATION

Mr. Chairman: I am Col. George F. Hennrikus, Jr., U.S. Air Force Retired, Chief Legislative Counsel of The Retired Officers Association (TROA), which has its National Headquarters at 201 North Washington Street, Alexandria, Virginia. Our Association has a membership of over 293,000 retired, former and active duty officers of the seven Uniformed Services. Included in our membership are 35,000 widows of former members. On this occasion I am also pleased to represent the Retired Enlisted Association of Colorado Springs, Colorado.

The testimony offered this committee by prior witnesses more than adequately supports the need for re-institution of a meaningful, easily understood and administered program of educational incentives for the armed forces. As stated many times during these hearings, such a program may be the last possibility for maintaining a successful all volunteer force. Our organization feels that the program finally adopted must have a positive impact on both recruiting and retention of qualified people.

Although H.R. 1400 and all the Bills offered in both Houses have attractive features, we respectfully offer a modification for the committee's consideration.

All four year enlistees who are high school graduates and qualified for college entrance would, at the completion of basic training or boot camp, complete two years of college-level academic requirements at an accredited institution selected by the individual. Individuals would receive E-1 pay and allowances during first year of the enlistment and would then be promoted to E-2. Tuition would be paid by the parent service. During this two year period, military service would continue in a Reserve or National Guard unit—one weekend per month and thirty days of extended active duty each year—or in 60 days per year of extended active duty with a unit of the regular component, whichever is more practical. These two years would be followed by two years of extended active duty.

Those accepted for a second enlistment would complete two more years of educational training, coupled with the military training outlined for the first two years, and would then complete the enlistment with two years of extended active duty or four years' service with the organized Reserve or the National Guard.

If an individual should, at any time, fail to maintain satisfactory academic standards or credit hour workload, he or she would be returned to active duty to complete the remainder of the enlistment.

An option should also be offered for those who wish to complete their enlistment prior to entering college. This could be similar to the educational benefit provided Korean veterans under Public Law 82-550. For still others who wish to continue service, provisions could be made for reserving or "banking" two years of educational assistance for each 4 years of extended active duty up to a maximum of 48 months. For this group the tuition portion of the benefit would be transferable to a wife or children after completion of ten years' extended active duty.

We feel that such a plan would be easily understood by the average 18 year old and by his or her parents. It would offer an immediate incentive and the services would benefit directly from the program in the form of continued service by more highly educated personnel. In its cost-sharing feature for transfer arrangements, it would reduce some of the high costs implicit in such a provision.

Two final points: We believe it is absolutely essential that the educational loan and grant programs offered by the Department of Education must be restricted to the point that they would not compete with the armed forces program. Also, we would ask that this benefit be restricted to individuals accomplishing honorable service, or, where appropriate, to those with honorable discharges.

We sincerely hope these suggestions prove to be helpful. We all share the conviction that this Nation must develop and maintain a war-winning capability, the only credible deterrent to war, and, further, that the most essential element of this capability is dedicated, responsive people. The foregoing is offered as one possible means to help achieve this end.

Mr. NICHOLS. The subcommittee is going to stand recessed until Thursday of next week at which time we are going to undertake to hear from witnesses on the divorced spouse legislation.

The committee will stand adjourned.

[Whereupon, at 11:20 a.m., the subcommittee was recessed, to reconvene its hearing on a new educational assistance program on a date not yet determined.]

House of Representatives,
Committee on Armed Services,
Military Personnel and Compensation Subcommittee,
Washington, D.C., Tuesday, November 17, 1981.

The subcommittee met, pursuant to notice, at 2 p.m., in room 2216, Rayburn House Office Building, Hon. Bill Nichols (chairman of the subcommittee) presiding.

Mr. Nichols. The subcommittee will come to order.

This afternoon's hearing scheduled at this time is on proposals for a new educational assistance program for the military.

Our first witnesses today will be Mr. Robert Hale, Assistant Director for National Security and International Affairs, and Mr. Daniel Huck, Deputy Assistant Director for National Security and International Affairs, in the Congressional Budget Office.

The Congressional Budget Office, which is in the process of completing a study on a new educational assistance program at the request of this committee, has developed some additional information on recruiting forecasts for fiscal year 1982 and on the transferability feature of an educational assistance program. Our witnesses have been asked to present this additional information.

Next we will hear from Dr. Neil Singer, Director, Special Projects, Office of the Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logistics, and Dr. Michael Polich from the Rand Corp. They will present the results of the educational assistance test program that was directed by the Congress and was completed just recently.

Although there are many other activities in the defense area to divert the members' attention today, the testimony we will receive is an important element in our consideration of an educational assistance program and it is appropriate that we receive this information as we finish taking testimony on this issue.

And so I will call our first witnesses, Mr. Robert Hale and Mr. Daniel Huck, for their presentations.

STATEMENT OF ROBERT F. HALE, ASSISTANT DIRECTOR FOR NATIONAL SECURITY AND INTERNATIONAL AFFAIRS, ACCOMPANIED BY DANIEL F. HUCK, DEPUTY ASSISTANT DIRECTOR FOR NATIONAL SECURITY AND INTERNATIONAL AFFAIRS, CONGRESSIONAL BUDGET OFFICE

Mr. Hale. Thank you, Mr. Chairman. We appreciate the opportunity to appear before the subcommittee to update our testimony on educational benefits. Since we last testified, CBO has received final data reflecting the Army's fiscal year 1981 recruiting successes, and the Congress has enacted a major military pay raise. We have also refined and extended our earlier estimates, especially those concerning the so-called transferability provision. Our major findings can be summarized as follows:

If the favorable 1981 recruiting trends continue, and if end strengths remain constant, the Army should meet its numerical goals for enlisted recruits and the quality goals mandated by the Congress in each of the next 5 years.

Additional recruiting incentives, such as improved educational benefits, would be needed by the Army only after 1982, and then mainly as a hedge against end strength increases or a reversal of favorable 1981 trends.

Improved educational benefits in H.R. 1400, if targeted mainly on the Army, could provide such a hedge, but at an eventual cost of as much as $2.8 billion a year in today's dollars.

Finally, concerns about the retention effects of educational benefits, which prompted inclusion of a transferability provision in H.R. 1400, might be met more cheaply through increases in selective reenlistment bonuses.

Let me address each of these findings in more detail.

UPDATED ENLISTED RECRUITING FORECASTS

RESULTS FAVORABLE

Fiscal year 1981 was an excellent year for Army recruiting. The Army enlisted 48,000 high-quality male recruits; that is, those holding high school diplomas and scoring in the upper 70 percentiles on the recruit entrance test. Our forecast prepared last spring anticipated only about 38,000 such recruits. The increase in high-quality recruits stems in part from military pay raises, although CBO's previous forecast allowed for increases in pay. The Army's recruiting success may also have resulted from intense management attention, particularly regarding the test scores of recruits.

The other three services also enjoyed a good recruiting year in 1981, although their levels did not show the significant improvements that the Army achieved. Since the other services should not face severe recruiting problems in the next few years, our testimony today will concentrate on Army recruiting.

If the 1981 trends continue, and if the Army enlisted end strength remains at the level of 674,000, currently planned for 1982—that is, the House-Senate conference level—the Army should meet its numerical goals for enlisted recruits over each of the next 5 years. It should also meet the quality goals mandated by the Congress for high school graduates and test scores.

These projections assume that pay raises in future years keep pace with those in the private sector, an important assumption that was not always realized in the 1970's. The projections also account for the expected decline in the youth population of enlistment age.

ADDED RECRUITING INCENTIVES MAINLY A HEDGE

The favorable recruiting results in 1981 suggest that any additional recruiting incentives, such as improved educational benefits, would be needed by the Army only after 1982, and then mainly as a hedge against unexpected developments that might worsen recruiting.

If, for example, the intense management effort that accompanied the 1981 success is relaxed, recruiting could suffer in future years.

Increases in the Army's enlisted end strength could also produce less favorable trends. The current Army plan calls for decreases in enlisted end strength through 1984, followed by sharp increases in 1985 through 1987. Such a pattern would improve the recruiting outlook for 1983 and 1984, but could prevent the Army from meeting the 65-percent target for high school graduates in 1985 and beyond.

Our favorable recruiting results also assume continued improvements in career retention, and hence less demand for recruits. A limit on increases in numbers of careerists, prompted by demands for more young soldiers in combat skills, could worsen recruiting problems significantly.

H.R. 1400 AS A POSSIBLE RECRUITING HEDGE

RECRUITING EFFECTS

Improved military educational benefits could provide a hedge against the risk of future recruiting problems. For example, if H.R. 1400 were extended only to Army recruits, CBO forecasts an increase of as much as 15 percent in the number of high-quality recruits. Several factors suggest that the 15 percent is an upper board on likely improvement. An increase of even 5 to 10 percent in the number of high-quality recruits should give the Army a good chance of meeting its recruiting goals through the mid-1980's, even if its 1981 recruiting success falls off or end strengths increase.

These results would apply if eligibility were restricted to Army recruits. If, however, benefits were extended across the board to all the services, as H.R.1400 might do, Army recruiting might actually suffer. Last year the Congress authorized a test of various educational benefits. Preliminary results of the test show that, when a uniform benefit was offered to all the services, the Army's acquisition of high-quality recruits fell by about 7 percent below the base-case level, while Navy and Air Force recruiting increased over the base case by about 8 percent and 5 percent, respectively. The base case assumed continuation of today's educational benefits, which offer more to Army recruits. It may be that the other services appear relatively more attractive when a common benefit is offered. I think you will hear more about this in testimony from your subsequent witnesses.

The test results, of course, should be interpreted with care. Nonetheless, the dramatic results of the test—a poor showing by the service most in need of recruiting help—do suggest that the Congress avoid across-the-board benefits and target any added military educational benefits heavily toward those occupations that are most difficult to fill, most of which are in the Army. Such a targeted approach would enhance the chances of improving recruiting where that help is needed most.

COSTS

Because at least 2 years of Active-duty service would be required to earn benefits under H.R. 1400, the cost of the bill would be minimal in the first few years. CBO estimates, however, that, when costs approach their peak in the mid-1990's, annual spending would range between $650 million and $2.8 billion in constant fiscal year 1982 dollars. The range depends mostly on whether the benefits are indexed to inflation. H.R. 1400 does not provide for indexing, but the Congress has traditionally increased veterans' benefits as the cost of living has risen.

Educational benefits may not be the cheapest way to improve enlisted recruiting. CBO estimates that a substantially expanded enlistment bonus program could yield a 15-percent increase in high-quality recruits in each of the services—the same as H.R. 1400 could produce—and would cost $700 million annually in constant 1982 dollars. This is one-third the cost of benefits paid directly to veterans under H.R. 1400. A large expansion of enlistment bonuses would, however, represent a six-fold increase in spending on such bonuses.

TRANSFERABILITY

This subcommittee and the Congress have shown strong interest in a transferability provision, which would permit military personnel to transfer their educational benefits to their spouse or dependents. While educational benefits may be an incentive to join the military, they are also an inducement to leave in order to attend school and make full use of the benefits. Transferability is one way to offset this incentive and so avoid harming career retention, which has been a major concern of the Congress in recent years.

RETENTION EFFECTS

Nonetheless, the Congress may want to be sure that these improvements in retention are not jeopardized by the introduction of a new educational benefits program. Would H.R. 1400 harm retention, and could transferability remedy any such harm? The answer varies with the person's years of service.

After 4 years of military service, when most personnel face their first reenlistment decision, H.R. 1400 offers only a modest incentive to leave. Without transferability, the amount of this incentive to leave is equivalent to a "negative bonus" of about $1,200. Transferability would reduce this negative bonus to $200. The amount of the incentive to leave is small at the fourth year largely because educational benefits would double, from $300 to $600 a month, for those who reenlist and complete more than 6 years of service.

After 8 or 12 years of service, when active-duty personnel often face subsequent reenlistment decisions, the benefits in H.R. 1400 would produce a stronger incentive to leave. Without transferability, the incentive would be equivalent to a negative bonus of about $4,200 at the 8th year and $3,500 at the 12th year. Transferability would offset about two-thirds of this negative bonus at the 8th year and offset it completely at the 12th year. We are in the process of determining what the full effects of these negative bonuses would be on losses in the various services.

COSTS

The advantages of transferability would come at some cost. CBO estimates that, if benefits under H.R. 1400 were fully indexed, the cost of the transferability provision would eventually reach about $750 million a year in today's dollars. This is substantially lower than the $1.25 billion cost estimate we submitted to the Veterans' Affairs Committee several months ago.

Our revised estimate is lower because it reflects a substantially smaller population of eligible users. Populations are smaller because only one-third of users would be college-age children likely to attend school. The remaining two-thirds would be spouses, and they are unlikely to attend college.

Even with this reduced estimate of the cost of transferability, selective reenlistment bonuses may still be a cheaper way to offset the incentive to leave. Offering reenlistment bonuses at the 4th, 8th, and 12th years of service, in amounts equal to the value of transferability at these points, should offset much of the incentive to leave. The bonuses would add about $500 million a year to costs, compared to the $750 million annual cost of H.R. 1400's transferability provision. Costs, with the bonuses, could be reduced still further if these bonuses were limited to occupations with retention problems. Only a limited number of occupations are suffering such problems.

We have tried to present our findings on the costs and effects of transferability as simply as possible. But I should note that they are based on many highly uncertain factors that are extremely difficult to quantify. Thus, our results, which are preliminary, should be viewed only as rough guides to the costs and effects of educational benefits and transferability.

SUMMARY

Let me sum up a couple of key points in my testimony. CBO's revised recruiting forecast has changed the urgency associated with providing improved educational benefits. It now appears that the Army will need added recruiting incentives only beyond fiscal year 1982, and then mainly as a hedge against increases in end strengths or a reversal of favorable 1981 trends. Moreover, the recent test results raise the risk that providing equal benefits to all the services could actually reduce recruiting in the Army below levels that would be achieved with today's benefits.

The results suggest that, if the Congress chooses to enact an improved educational benefits program, the improvements should be targeted heavily on categories of recruits that are difficult to attract, most of which would be in the Army. The Congress might also want to keep any initial package of benefits modest, so as to hold down costs, while leaving open the possibility of increasing benefits should recruiting problems in the years after 1982 warrant greater incentives.

That completes our prepared testimony. We would be glad to answer any questions.

Joint Written Statement of Robert F. Hale and Daniel F. Huck

Mr. Chairman, we appreciate the opportunity to appear before this Subcommittee to update our testimony on military educational benefits. Since we last testified, CBO has received final data reflecting the Army's fiscal year 1981 recruiting successes, and the Congress has enacted a major military pay raise. We have also refined and extended our earlier estimates, especially those concerning the so-called "transferability" provision. Our major findings are:

If the favorable 1981 recruiting trends continue, and if end strengths remain constant, the Army—which has had the most serious recruiting problems—should meet its numerical goals for enlisted recruits and the quality goals mandated by the Congress in each of the next five years.

Additional recruiting incentives, such as improved educational benefits, would be needed by the Army only after 1982, and then mainly as a hedge against end strength increases or a reversal of favorable 1981 trends.

Improved educational benefits in H.R. 1400, if targeted mainly on the Army, could provide such a hedge, but at an eventual cost of as much as $2.8 billion a year in today's dollars.

Concerns about the retention effects of educational benefits, which prompted inclusion of a transferability provision in H.R. 1400, might more cheaply be met through increases in selective reenlistment bonuses.

Let me address each of these findings in more detail.

Updated Enlisted Recruiting Forecasts

RESULTS FAVORABLE

Fiscal year 1981 was an excellent year for Army recruiting. The Army enlisted 48,000 high-quality male recruits (that is, those holding high school diplomas and scoring above the 70th percentile on the recruit entrance test). CBO's forecast prepared last spring anticipated only about 38,000 such recruits. The increase in high-quality recruits stems in part from military pay raises, although CBO's previous forecast allowed for increases in pay. The Army's recruiting success may also have resulted from intense management attention, particularly regarding the test scores of recruits. In late fiscal year 1980, the Department of Defense (DoD) announced errors in the norming of the recruit entrance test, which led the Army inadvertently to accept large numbers of low-scoring recruits. Fiscal year 1981 was the first full year that Army recruiters were aware of this problem, and they appear to have corrected it.

The other three services also enjoyed a good recruiting year in 1981, although their levels did not show the significant improvements that the Army achieved. Since the other services should not face severe recruiting problems in the next few years, our testimony today will concentrate on Army recruiting.

If the 1981 trends continue, and if the Army enlisted end strength remains at the level of 674,000 currently planned for 1982, the Army should meet its numerical goals for enlisted recruits over each of the next five years. It should also meet the quality goals mandated by the Congress (see base case results in Table 1).[1]

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[1] Current law requires that no more than 25 percent of all recruits without prior military service can score in test score Category IV (10th to 29th percentiles) in 1982 and no more than 20 percent in 1983 and beyond. Also, the conference report on the fiscal year 1982 defense authorization bill requires that at least 65 percent of male, non-prior-service recruits be high school graduates, essentially a continuation of the minimum standard established for fiscal year 1981.

TABLE 1.—ARMY ENLISTED RECRUITING FORECASTS

[Percent of male, non-prior-service recruits holding high school diplomas, by fiscal year]

	1982	1983	1984	1985	1986	1987
Base case [1]	77	67	70	70	69	70
Base case but less favorable recruiting trends [2]	73	61	63	63	62	63
Base case but varying end strengths [3]	77	73	71	65	64	62
Base case but varying end strengths and limits on careerists [4]	72	68	66	60	58	57
Base case but using administration unemployment assumptions [5]	77	67	69	69	68	69

[1] Assumes that fiscal year 1982 end strengths continue through 1987; that category IV recruits comprise no more than 25 percent of recruits in 1982, and no more than 20 percent thereafter; and that military pay raises keep pace with private sector wage growth.

[2] Same assumptions as in footnote 1. These lower figures account for uncertainty about the future course of recruiter effectiveness and productivity.

[3] Same assumptions as in footnote 1, except end strengths dip below the 1982 level in 1983 and 1984, return to that level in 1985, and exceed it thereafter.

[4] Same as in footnote 3, but assumes the Army limits its career force to about 323,000 in 1987 (46 percent of enlisted end strength), in contrast to about 353,000 careerists under the base case.

[5] The administration's midsession review of the 1982 budget shows unemployment declining from 7.3 percent in calendar year 1982 to 5.5 percent in 1986. Other assumptions as in footnote 1.

These projections assume that pay raises in future years keep pace with those in the private sector, an important assumption that was not always realized in the 1970s. The projections also account for the expected decline in the youth population of enlistment age. And the projections reflect CBO's latest unemployment assumptions, which show overall unemployment at 7.3 percent in calendar year 1982, then dropping to 6.0 percent by calendar year 1986.

ADDED RECRUITING INCENTIVES MAINLY A HEDGE

The favorable recruiting results in 1981 suggest that any additional recruiting incentives, such as improved educational benefits, would be needed by the Army only after 1982, and then mainly as a hedge against unexpected developments that might worsen recruiting.

If, for example, the intense management effort that accompanined the 1981 success is relaxed, recruiting could suffer in future years. We cannot forecast with confidence what part, if any, of the 1981 recruiting improvements will not continue. But, if only one-half of the recruiting improvement not explained by pay raises and unemployment continues in the years after 1982 and all other assumptions of the base case remain the same, the percentage of recruits holding high school diplomas could fall below the 65 percent target in 1983 and beyond (see Table 1).

Increases in the Army's enlisted end strength could also produce less favorable trends. The current Army plan calls for decreases in enlisted end strength through 1984, followed by sharp increases in 1985 through 1987. Such a pattern would improve the recruiting outlook for 1983 and 1984, but could prevent the Army from meeting the 65 percent target for high school graduates in 1985 and beyond (see Table 1).

The favorable base-case results also assume continued improvements in career retention, and hence less demand for recruits. A limit on increases in numbers of careerists, prompted by demands for more young soldiers in combat skills, could worsen recruiting problems significantly (see Table 1). Recruiting could also suffer if the unemployment rate declines as sharply as the Administration predicts (see Table 1). The base-case forecasts also make assumptions about recruiting policies for females and those with prior military service. Changes in recruiting objectives for these categories could alter CBO's results, although probably less dramatically than factors such as end strength increases.

H.R. 1400 AS A POSSIBLE RECRUITING HEDGE

RECRUITING EFFECTS

Improved military educational benefits could provide a hedge against the risk of future recruiting problems. For example, H.R. 1400—the bill now before this Subcommittee—would provide a $300 monthly benefit for up to 36 months to those who complete at least two years of active-duty military service. Those who complete six or more years would be eligible for a substantially higher benefit. H.R. 1400 also contains a transferability provision, which allows qualified military personnel to "transfer" their benefits to their spouses or children.

If H.R. 1400 were extended only to Army recruits, CBO forecasts an increase of as much as 15 percent in the number of high-quality recruits. Actual increases might well be lower, since the 15 percent estimate assumes that benefits are fully indexed to inflation, that the effects of benefits are not reduced through competition with non-military educational benefits, and that potential recruits expect to use all of their entitlements. Nonetheless, an increase of even 5 to 10 percent in the number of high-quality recruits should give the Army a good chance of meeting its recruiting goals through the mid-1980s, even if its 1981 recruiting success falls off or end strengths increase.

These results would apply if eligibility were restricted to Army recruits. If, however, benefits were extended across the board to all the services (as H.R. 1400 would do), Army recruiting might actually suffer. Last year the Congress authorized a test of various educational benefits. Preliminary results of the test show that, when a uniform benefit was offered to all the services, the Army's acquisition of high-quality recruits fell by about 7 percent below the base-case level, while Navy and Air Force recruiting increased over the base case by about 8 percent and 5 percent, respectively. The base case assumed continuation of today's educational benefits, which offer more to Army recruits. It may be that the other services appear relatively more attractive when a common benefit is offered.

The test results, of course, should be interpreted with care. Nonetheless, the dramatic results of the tests—a poor showing by the service most in need of recruiting help—do suggest that the Congress avoid across-the-board benefits and target any added military educational benefits heavily toward those occupations that are most difficult to fill, most of which are in the Army. Such a targeted approach would enhance the chances of improving recruiting where that help is needed most.

COSTS

Because at least two years of active-duty service would be required to earn benefits under H.R. 1400, the cost of the bill would be minimal in the first few years. CBO estimates, however, that, when costs approach their peak in the mid-1990s, annual spending would range between $650 million and $2.8 billion in constant fiscal year 1982 dollars. The range depends mostly on whether the benefits are indexed to inflation. H.R. 1400 does not provide for indexing, but the Congress has traditionally increased veterans' benefits as the cost of living has risen.

CBO estimates that benefits paid directly to veterans would account for about 60 percent of total program costs. The transferability provision would account for another 25 percent, and the provision permitting in-service use of benefits by career personnel would absorb the remaining 15 percent.

These cost estimates are lower than those CBO submitted to the House Veterans' Affairs Committee last May. The difference results primarily from a lower estimate of the cost of the transferability provision, which we will discuss further in a moment.

Educational benefits may not be the cheapest way to improve enlisted recruiting. CBO estimates that a substantially expanded enlistment bonus program could yield a 15 percent increase in high-quality recruits in each of the services—the same as H.R. 1400 could produce—and would cost $700 million annually in constant 1982 dollars. This is one-third the cost of benefits paid directly to veterans under H.R. 1400. Enlistment bonuses are less costly because the benefits are "up front" rather than deferred, and young persons have a strong preference for money now rather than later. Moreover, enlistment bonuses could be targeted only on high-quality recruits (that is, high school graduates in the upper test-score categories), whereas educational benefits would be available to all those who complete high school.

An additional $700 million in enlistment bonuses would represent a six-fold increase in spending on such bonuses. Such a large program may have important disadvantages. For example, the bonus is usually paid upon the completion of basic training and thus may be difficult to recover from those who leave before completing their first enlistment term. Moreover, some have expressed concern that substantial cash bonuses could be used unwisely by 18-year-old recruits. Nonetheless, the cost figures do suggest that bonuses would be a less expensive way of meeting recruiting goals than educational benefits.

TRANSFERABILITY

This Subcommittee and the Congress have shown strong interest in a transferability provision, which would permit military personnel to transfer their educational benefits to their spouse or dependents. While educational benefits may be an incentive to join the military, they are also an inducement to leave in order to attend school and make full use of the benefits. Transferability is one way to offset this incentive and so avoid harming career retention, which has been a major concern of the Congress in recent years.

RETENTION EFFECTS

CBO's forecasts show that, even in the absence of any further special pay increases, career retention should improve substantially. For example, the number of careerists in the Navy, which has had the most severe retention problems, should increase by 15 percent between 1981 and 1986. (Careerists are defined here as those military personnel with more than four years of active-duty service.) This improvement in overall numbers of careerists does not rule out some shortages in highly technical occupations, but these problems should be quite limited.

Nonetheless, the Congress may want to be sure that these improvements in retention are not jeopardized by the introduction of a new educational benefits program.

Would H.R. 1400 harm retention, and could transferability remedy any such harm? The answer varies with the person's years of service.[2]

After four years of military service, when most personnel face their first reenlistment decision, H.R. 1400 offers only a modest incentive to leave. Without transferability, the amount of this incentive to leave is equivalent to a "negative bonus" of about $1,200. Transferability would reduce this negative bonus to $200. The amount of the incentive to leave is small at the fourth year largely because educational benefits would double, from $300 to $600 a month, for those who reenlist and complete more than six years of service.

After eight or twelve years of service, when active-duty personnel often face subsequent reenlistment decisions, the benefits in H.R. 1400 would produce a stronger incentive to leave. Without transferability, the incentive would be equivalent to a negative bonus of about $4,200 at the eighth year and $3,500 at the twelfth year. Transferability would offset about two-thirds of this negative bonus at the eighth year and offset it completely at the twelfth year.

COSTS

The advantages of transferability would come at some cost. CBO estimates that, if benefits under H.R. 1400 were fully indexed, the cost of the transferability provision would eventually reach about $750 million a year in today's dollars. This is substantially lower than the $1.25 billion cost estimate we submitted to the Veterans' Affairs Committee several months ago.

Our revised estimate is lower because it reflects a substantially smaller population of eligible users. When utilization levels out in the late 1990's we estimate that about 1.0 million active-duty and retired military personnel would be eligible to transfer benefits to about 1.3 million spouses and college-age children. (These figures reflect expected improvements in retention over the next few years.) But only about 10 percent of the 1.3 million eligible recipients would actually use their benefits each year. The percentage is low because college-age children, who are likely to attend school, make up only about one-third of the 1.3 million potential users. The remaining two-thirds would be spouses over age 26, and Census data show that only 3 to 5 percent of married females in this age group attend college. When attendance rates for spouses are adjusted upward to reflect the availability of educational benefits, their projected attendance rate still remains relatively low.

Even with this reduced estimate of the cost of transferability, selective reenlistment bonuses may still be a cheaper way to offset the incentive to leave. Offering reenlistment bonuses at the fourth, eighth, and twelfth years of service, in amounts equal to the value of transferability at these points, should offset much of the incentive to leave. The bonuses would add about $500 million a year to cost of H.R. 1400's transferability provision. Costs could be reduced still further if these bonuses were limited to occupations with retention problems. As we noted earlier, only a limited number of occupations are suffering such problems.

We have tried to present our findings on the costs and effects of transferability as simply as possible. But I should note that they are based on many highly uncertain factors that are extremely difficult to quantify, including a preference for educational benefits now rather than later, the chances of remaining in the military long enough to transfer benefits, and the likelihood of having a spouse and/or children who plan to attend school. Thus, our results, which are preliminary, should be viewed only as rough guides to the costs and effects of educational benefits and transferability.

SUMMARY

Mr. Chairman, CBO's revised recruiting forecast has changed the urgency associated with providing improved educational benefits. It now appears that the Army will need added recruiting incentives only beyond fiscal year 1982, and then mainly as a hedge against increases in end strengths or a reversal of favorable 1981 trends. Moreover, the recent test results raise the risk that providing equal benefits to all the services could actually reduce recruiting in the Army below levels that would be achieved with today's benefits.

The results suggest that, if the Congress chooses to enact an improved educational benefits program, the improvements should be targeted heavily on categories of recruits that are difficult to attract, most of which would be in the Army. The Congress might also want to keep any initial package of benefits modest, so as to hold down costs, while leaving open the possibility of increasing benefits should recruiting problems in the years after 1982 warrant greater incentives.

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[2] The results presented below depend on H.R. 1400's specific provisions. To transfer a benefit under H.R. 1400, the service member must have completed at least ten years of active-duty service and remain on active duty, or be retired, while his spouse or dependent uses the benefits. Benefits transferred by retirees must be used within ten years of the date of retirement.

Mr. NICHOLS. I believe we will defer questions until the second witness has completed his testimony.

STATEMENT OF NEIL SINGER, DIRECTOR, SPECIAL PROJECTS, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE FOR MANPOWER, RESERVE AFFAIRS AND LOGISTICS, ACCOMPANIED BY MICHAEL POLICH AND RICHARD FERNANDEZ, RAND CORP.

Mr. SINGER. I am Neil Singer, Director of Special Projects for the Assistant Secretary of Defense, Dr. Lawrence Korb. It is my pleasure to be with you today to summarize the results to date of the fiscal year 1981 educational assistance program.

Accompanying me are Dr. Michael Polich, on my left, and Mr. Richard Fernandez of the Rand Corp., who conducted the detailed analysis of the test results.

BACKGROUND

In 1980, the Congress directed the Department of Defense to conduct a nationwide test of the effects of educational benefits on recruiting and retention. We designed the test to help us answer several important questions about educational benefits:

Could they serve to attract high-quality recruits? Would they aid in manning hard-to-find skills? What is the value that recruits place on different structural features of an educational assistance program, such as transferability or inflation indexing? Can educational benefits be structured so as to help, rather than hurt, retention?

To address these questions, we designed a test in which different programs, including three new educational benefit plans designed by the Congress, were offered in balanced sets of geographical areas.

All of the test programs were restricted to eligible recruits enlisting in hard-to-fill skills. Because the Army faced the most difficult recruiting task in 1980, we allocated most of the eligible skills to the Army rather than the other services. In the Army, the bulk of the hard-to-fill skills fall in the combat arms.

Our baseline, or control cell, was the basic veterans' educational assistance program, supplemented by small amounts called "kickers" for specific Army skills. The other three recruiting programs were: "Ultra VEAP," in which the Army offered large kickers up to a maximum of $12,000; the section 901 tuition/stipend program offering noncontributory benefits up to $15,600 in all services; and the section 903 noncontributory VEAP program in all services, supplemented by small kickers in the Army identical to those in the control cell.

We also offered the section 902 loan repayment program in all services, nationwide. In addition, each service implemented a retention test to see whether the transferability benefits incorporated in the section 901 and 903 programs would induce members to reenlist.

Our analysis of the effects of these programs is based primarily on the number of individuals who have enlisted and reenlisted to take advantage of them. We have now received 9 months' worth of data from the recruiting test, complete through August, and we do not believe that data from September will alter the results significantly.

We have also obtained data from two surveys that we conducted to evaluate the implementation of the test programs and to ascertain the effects of other educational benefit features. Our surveys are now complete and all of the data from them have been collected.

The recruiting test results show that in certain instances the test programs led to substantial increases in high-quality enlistments. The largest estimated response appeared in the Ultra-VEAP program, which increased Army enlistments by roughly 10 percent without any apparent adverse impact on the other services.

The section 903 noncontributory VEAP program, with much smaller benefit levels than Ultra-VEAP, failed to generate statistically significant improvements in recruiting in any of the services. The section 901 tuition/stipend program increased Navy and Air Force enlistments by 5 to 8 percent, but it also reduced Army high-quality enlistments by approximately 7 percent.

We believe that this reduction occurred because in the section 901 test the Army could not offer greater educational benefits than the other services, as it could in the other programs.

In the recruiting portion of the test, we were also concerned about what effects, if any, educational benefits would have on channeling high-quality individuals into hard-to-fill skills. We found that the proportion of Army enlistees entering combat arms fell when certain noncombat specialties were added to the list of eligible skills.

We conclude that recruiting for combat arms was hurt by eliminating the differential educational benefit for service in combat skills.

Although the study design insured that the areas offering the four programs were balanced at the start of the test, subsequent shifts might have occurred in other factors that influence recruiting. Accordingly, a more detailed analysis was conducted to control for possible imbalances in local unemployment and wage rates, numbers of recruiters, and levels of advertising of educational benefits. None of these factors was found to have made any substantial difference in the estimates of the effects of the test programs.

To evaluate program implementation, we analyzed survey data on young men's awareness of the programs and the information they received from recruiters. The surveys also showed that the enlistment propensities of military applicants are not strongly affected by specific benefit features such as loan repayment, inflation indexing, or provisions for inservice use.

To learn more about the effects of educational benefits on retention, all of the services conducted tests of sections 901 or 903. Each service implemented a test in which potential reenlistees were offered special educational incentives, including transferability. Our best data to date are from the Navy test, in which 44 individuals out of 464 eligibles had taken advantage of the test program as of mid-August.

From a short questionnaire that the Navy administered to those accepting the program, we have learned that 10 of the 44 indicated that they would have reenlisted even if the program had not been offered. We expect the tests in the other services to yield similar information.

In the retention test, we have obtained 5 months' worth of data since the services began offering the programs in April. However, we are concerned that further data yet to be collected might change the results significantly.

We must still compare reenlistment rates under the programs with those in ineligible but comparable skills, to measure the programs' net effects. And it is important to accumulate all of the data before attempting any analysis, owing to the small size of the sample.

At this time, we do not believe that the retention test results to date constitute a sound basis for evaluating the retention effects of educational benefit programs.

Although our analysis of the retention data is still incomplete, the test has provided answers to the other questions that we had at its inception. We have found that educational benefits can produce substantial increases in high-quality enlistments. But this effect depends on the structure of the program.

For example, a program that offers the same benefit to eligible enlistees in all services, such as the section 901 tuition/stipend program, could actually reduce Army enlistments.

Moreover, making the benefit available to high-quality enlistees in all skills might draw recruits out of the combat arms. In contrast, the results indicate that a targeted program can improve manning in hard-to-fill specialties while at the same time increasing the overall number of high-quality recruits.

The Department of Defense is now reviewing the results of the 1981 test programs in the course of developing its recommendations for a new program of educational assistance for military members. As Dr. Korb has testified before the subcommittee earlier, our goal is to offer our recommended program for your consideration at the beginning of the next congressional session.

This concludes my prepared statement. Dr. Polich, Mr. Fernandez, and I will be happy to respond to your questions.

Mr. NICHOLS. May I suggest that the other two gentlemen come to the table now, and maybe we can direct our questions to the panel as a whole.

I notice that your testimony contains a lot of figures. You are familiar, of course, with the fact that the Appropriations Committee has suggested a reduction in recruiting and retention advertising for the coming year of about $165 million—$110 million, $65 million of which are related to the Army alone.

My question I guess is, if this $110 million overall reduction is retained in the appropriations bill, would you be as confident as you seem to appear in your testimony of the results that we might get in 1982?

Mr. **Hale**. I think the numbers in 1982 look favorable. Even after a cut of about $100 million in the recruiting and advertising budget, the Army should be able to meet the congressionally mandated goals of 65 and 25 percent.

In the years beyond, I think there are significantly larger questions. There is some risk that we could follow the path that was taken in the mid-1970's—that is, once recruiting looked good—reductions were made in recruiting and advertising budgets and later in pay with the result of substantial recruiting problems in the late 1970's. If this budget cut is retained, I would hope you will look carefully at it again next year to be sure that the circumstances still warrant it.

Mr. **Nichols**. I would hope that you would agree with the desirability of exceeding the minimum standards that we have set for next year if we can do so. For example, the Air Force, I believe, enjoys about a 92-percent recruitment of high school graduates; Army recruitment is not nearly as high. That is a goal. The Air Force people tell me their goal is 100 percent of high school graduates;

I presume you would say that if the Army could increase that minimum, it would be desirable?

Mr. **Hale**. No question, Mr. Chairman. More would be better. I can't give you an analytic answer as to how much is enough in terms of quality.

Mr. **Nichols**. Your figures seem to indicate that if a GI bill were passed, it could impact adversely on the Army.

Mr. **Hale**. I was talking about the test results, and so you may want to direct this question to Mr. Singer. If an across-the-board benefit program were implemented in which all the services received the same benefits, the test results suggest that Army recruiting could actually be hurt.

Mr. **Nichols**. On page 8, you have a wide variation in the cost figures. Why the variation?

Mr. **Huck**. The estimates really reflect assumptions about whether we are dealing in constant dollars or whether they are in dollars which are not indexed to inflation in the future. The lower estimates don't assume any indexing to inflation, while the higher estimates in constant 1982 dollars assume the program is indexed to inflation.

We made the point that this difference would significantly affect costs, which accounts for the range in the estimates shown on page 8.

Mr. **Nichols**. Speaking again to cost, you say CBO estimates that a substantially expanded enlistment bonus program could yield a 15-percent increase in high-quality recruits, the same as H.R. 1400 would produce, but that this would cost $700 million annually, one-third of the cost of benefits paid directly to veterans under H.R. 1400. I wonder if in those computations you include any other benefits that might accrue to the country or to the service by virtue of the fact that this guy now ought to have more smarts. Certainly the man you are going to throw bonus dollars at is not going to have a better education necessarily because of those dollars.

Was that fact injected?

Mr. HUCK. We didn't factor that in, although one would certainly admit that, if you had an educational benefit, there would be some secondary benefits that could accrue to the Nation as a whole. Analyzing those kinds of effect was beyond the scope of our study. There could be other benefits to consider in validating bonuses versus retention benefits.

Mr. NICHOLS. My time is up.

Mr. MITCHELL. I tried to summarize as you went along. The feeling that you have is that we don't really need any GI bill for recruitment incentive in the near future, so if our goal or motivation for adopting a GI bill is to solve recruitment problems, we really don't need it for that purpose?

Mr. HALE. Yes. We pointed out that the Army would be able to meet its numerical goals and the congressionally mandated quality constraints, at least for 1982. The clouds on the horizon in the out years are several: The possibility of end-strength increases and the possibility that 1981 trends will not continue. I think no one is sure yet how much of that will continue. I think no one is sure yet how much of that will continue in future years.

Mr. MITCHELL. You also seem to conclude that a system that targets bonuses at shortage areas might be a lot simpler and more effective. If all we are trying to do is solve recruitment problems, would that be less expensive?

Mr. HALE. Yes. There are, of course, some disadvantages, and we pointed them out in the testimony.

Mr. MITCHELL. We have heard testimony that said a GI bill would attract a different kind of recruit, perhaps a more intelligent recruit, than an enlistment bonus. Do you have that feeling at all?

Mr. HALE. Looking across the full spectrum of test scores, I am not sure that you will get a dramatically different quality of recruit. The hope is that, with an educational benefit, you might get more people who are bound for college. That is a possibility. Throughout our testimony, we have been trying to look at data that we can analyze in quantitative terms. We will have to leave some of these judgments to you.

Mr. MITCHELL. You mentioned that transferability accounted for $750 million. At first, you said it represented 40 percent of the cost of the bill and now you are down to 25 percent?

Mr. HUCK. We have lowered the cost estimate, because we now have census data on which to base an estimate of what we believe tranferability would cost these data estimate the population of recipients, spouses, and dependents who could use the benefit. The data were not available for our earlier estimate.

Mr. MITCHELL. How many people in addition of those that would stay within the current compensation structure would stay in the military by the transferability feature?

Mr. HUCK. One would not have transferability without the basic educational benefit, so transferability provides incentives over and above the basic benefit. The purpose of transferability is to mitigate some of the disincentive effects of the educational benefit, namely, the incentive to leave the service. Our best judgment is that the transferability provision as devised in H.R. 1400 would to a large extent offset this incentive for military personnel to separate and use the basic benefits offered in H.R. 1400. But the question is whether that is the most cost-effective way to accomplish that objective.

Mr. MITCHELL. Thank you. I have a question for Dr. Singer. I am not sure that I understand the third paragraph on the third page. It says:

> Accordingly, a more detailed analysis was conducted to control for possible imbalance in local unemployment and wage rates, numbers of recruiters, and levels of advertising and educational benefits.
>
> None of these factors was found to have made any substantial difference in the estimates of the effects of the test programs.

What do you mean by that?

Mr. SINGER. At the start of this test we structured geographical areas in such a way that they matched one another and matched the rest of the Nation in terms of a number of factors found in the past to be keyed to recruiting success: For example, local unemployment rates, wage rates, the numbers of recruiters that we put out there, advertising expenditures, and a few other things as well.

We then offered a different program in each of these test areas, thus trying to set up an experiment in which the only difference among the test areas was the presence or absence of each program.

While we were running the test, other things were happening in the world. Unemployment rates were changing and wage rates were changing, and in addition to changes on a uniform national basis there might also have been changes in different ways in each area.

So, we went back afterward to check on whether those kinds of changes had in effect distorted our conclusions with respect to the effects of the test programs. And the statement in the text says that when we went back and looked at whether the changes during the course of the test and these other factors had made any difference, we found that none of these factors made any substantial difference.

They changed the numbers, the numerical estimates of the test results, by small amounts, but the conclusions that I have given you in the statement about which programs worked and which programs didn't work have not been affected by the more detailed analysis.

Mr. MITCHELL. Thank you, Doctor. Thank you, Mr. Chairman.

Mr. NICHOLS. Mr. Smith.

Mr. SMITH. Thank you, Mr. Chairman. Dr. Singer, you say across-the-board benefits to all services would hurt the Army recruiting in the areas which we need most?

Mr. SINGER. Yes, sir.

Mr. SMITH. I think it would be hard to pass a bill in which the other services were not included with the same benefits. How would you give across-the-board benefits to all services yet increase the services to the Army in a given way?

Mr. SINGER. Mr. Smith, the bill that is before you and a number of others that have been offered in this Congress and the previous one provide flexibility for the Secretary of Defense or in some cases the Secretaries of the services to supplement an across-the-board benefit with amounts that would be available to people who served in certain skills or perhaps in certain services or had certain qualifications such as a high school diploma.

I believe that our test results should be read as supporting the efficacy of those kinds of supplements while saying at the same time that the higher the level is of the across-the-board benefit, the harder it is going to be for us to convince those high-quality individuals to serve in the areas where we need them most.

So I believe that the right way to read the test is not to say that we cannot tolerate a basic benefit, or that it will make it impossible for us to man hard-to-fill skills, but it means there is a tension between the across-the-board benefit and our ability to induce people to serve where we need them most to serve.

Mr. SMITH. That is all, Mr. Chairman.

Mr. NICHOLS. Mr. Montgomery.

Mr. MONTGOMERY. I would like to thank the witnesses. It looks like you did concentrate on H.R. 1400.

Mr. Hale, you mentioned in your testimony that the bonuses, in your opinion, were preferable over both transferability and an educational bill.

Mr. HALE. I would say we found that they are likely to be cheaper. There are disadvantages however. We alluded to several of them in the testimony. I think the chairman mentioned another one. I will have to leave to you to weigh the disadventages, but it seems to us that, for a given educational goal, bonuses would be a cheaper way to meet it.

Mr. MONTGOMERY. Could you list the different units you visited—the Army, Navy, and Marines and the people you talked to to come up with this information?

Mr. HALE. We have not made visits in connection with this study, although we have had an opportunity to visit units.

Mr. MONTGOMERY. You visited no units——

Mr. HALE. We have, although not in connection with the results presented in this testimony. These results are derived from analysis of data.

Mr. MONTGOMERY. Quite frankly, we are moving around in the subcommittee and I was out in Texas at Dyess Air Force Base over the weekend. I met with some noncommissioned officers and junior officers who were talking about the bill and talking about the transferability of H.R. 1400. We were out there looking at the airport on another matter, and we received testimony from some area high school counselors as well.

We were impressed that these high school counselors told us that the military, quite franky, was not getting quality students. They were not getting the students from the high schools around here who want to get an education.

Instead they were getting the students that were floundering. Surely there were a few that had a goal, but ones we got didn't have much to go, and so, therefore, when the recruiter came on board they joined up for the money. Despite the fact that the military thought that the educational benefit would be an attraction to get better students, high school counselors from five or six high schools in the area told us differently.

Mr. SINGER. I believe that our test results bear out what you said in indicating that educational benefits can increase by a significant amount the number of high-quality enlistees in the military, and that is a very important result that we have gleaned from the test.

It was not obvious to us beforehand that educational benefits could be devised in such a way, because our previous efforts to improve the level of our educational benefits had not had that effect, and I think now we have a stronger belief in the efficacy of such programs.

However, we are concerned that those programs be structured in a way which will help us achieve our detailed force management objectives as well as our overall quality goals.

Mr. **Montgomery**. General Meyer, Chief of Staff of the Army; General Huyser, U.S. Air Force, head of personnel; General Bonaz of the Marine Corps, Admiral Zick of the Navy and General Thurmond, head of recruiting for the Army, testified before this subcommittee and were very, very strong for some type of educational bill. I am a little confused that you say you are still studying it when the people out doing the job that have to fill the ranks were adamant.

They said we have to have a GI education bill. In fact, that is what President Reagan says every time I see him. You are just not getting the word.

Mr. **Singer**. If I recall some of the specific statements that were made by the officers whom you have alluded to, I believe that at least some of them indicated that the need for an educational assistance program would be felt most sharply in a few years rather than immediately. That tracks with the testimony Mr. Hale has given this afternoon.

As for the others, I would point out that we are not in disagreement with them. We have repeatedly said to you, that is my bosses have said to you over the course of this year, that we favor a program and we are trying our best to find out what kind of program would best serve all of our needs.

Mr. **Montgomery**. Let me ask you something. The VEAP program is not working well. Do you agree with that?

Mr. **Singer**. I personally would say that I don't have evidence that the VEAP program has been a substantial recruiting incentive. It serves other objectives. Participation rates in VEAP in three of the four services are in the neighborhood of 30 percent.

Mr. **Montgomery**. The recruiters told us in another testimony we had from the military that the VEAP program was not working at all, and that the test programs have now expired. Is that correct?

Mr. **Singer**. That is correct, sir.

Mr. **Montgomery**. So, in other words, we really don't have anything but the VEAP program and the statistics do not suggest that the military has had success with this program?

Mr. **Singer**. What we have for fiscal 1982 is VEAP with the authority contained in the VEAP statute for kickers, and we are using that authority this year. We have structured a set of recruiting incentives for the Army. They make use of that full statutory authority to offer a program that we found last year to confer substantial benefits.

That program is not going to benefit the other services because they are not using it. They seem to think, at least as manifested in their desire to have such a program, that they don't need it for

1982. If they do, then I feel fairly confident that we in the Office of the Secretary of Defense would be most happy to support it.

I do not wish to suggest to you that this is a permanent program that we wish to have for the future. To the contrary, as I said in my statement, we are now reviewing the results of the 1981 test programs in the course of developing our recommendation for a new program of educational assistance for military members.

I wouldn't be able to indicate to you what that program will look like, but we are taking a look de novo at this issue. We are not locked into VEAP. We are trying to develop a program that will capitalize on what we have learned over the past year about the way the programs operate. I hope we will come back with a program early next year that will do what I have said by way of capitalizing on that information.

Mr. MONTGOMERY. The GI education program is really not my idea. It comes from these gentlemen that I mentioned. When we had testimony last year, they said that the key thing we need is a GI education bill—that is where it got started.

My time is up. Thank you.

Mr. NICHOLS. Mr. Hunter.

Mr. HUNTER. I would like to follow a few of the things that Mr. Montgomery mentioned. I have a problem understanding the difference in opinion between not only you folks but a number of other people who have testified from the Department of Defense and the general population, in particular the military population.

I have had a GI forum in San Diego, which is my district, and have talked with literally hundreds of enlisted people and families, and to a man I can tell you at least in the U.S. Navy and in San Diego, it is the opinion of practically everybody that the VEAP program has failed.

That came from recruiters, the senior NCO's and the enlisted people. They said it is worthless. One of the recruiters said that you could count the number of VEAP participants in San Diego on the fingers of one hand.

Maybe he was exaggerating, but I have yet to meet an enlisted man in the Navy who is participating in VEAP. I notice that there is a $2.8 million price tag on the GI bill in one of the statements here. Does that include projected mitigation of the present manpower drain? I am talking about losing permanent investments. For example, I understand that we lost several billions of dollars worth of pilots in the last 10 years who have left the service for various reasons. If we are going to project that a new GI bill would in fact enhance retention substantially, does that $2.8 billion price tag include that mitigation?

Mr. HALE. There is no offset in either direction. It is simply the cost of the bill. Mr. Hunter, I think that retention, at least in the enlisted ranks, is going up appreciably in all the services. There are still remaining problems in special skill areas, particularly in the Navy and obviously if there is to be a substantial increase in end strength in any of the services they may need that extra retention. Retention has been increasing sharply, presumably in response at least in part to the raises that the Congress had enacted.

Mr. HUNTER. I am aware that it is increasing, but we have economic factors now contributing to that. I still go on the carriers and meet commanders in base in San Diego who are losing literally hundreds of their best people. We are still 22,000 senior petty officers short in the Navy. While the rate is up substantially, I am still not satisfied that it is as high as it could be or should be.

You must consider that some of our people have an investment of $200,000 or $300,000 in training.

Mr. **Hale**. We haven't tried to factor that in. You will never get them all to stay, as you are well aware. If your desire is to improve retention, I wouldn't look to educational benefits. Even with transferability, our results suggest you may just end up learning retention unchanged. If your desire is to improve retention, I would suggest to pay raises for careerists or selected reenlistment bonuses.

Mr. **Singer**. I would like to comment on the thoughts you expressed about VEAP. We do know that in the Navy, 25 percent of members participate in VEAP at one time or another.

Mr. **Hunter**. Does that mean that you have some that were in for 2 weeks and dropped out?

Mr. **Singer**. Perhaps.

Mr. **Hunter**. Because I have never met a Navy enlistee who was in VEAP.

Mr. **Singer**. That is as a fraction of those who have been eligible to participate. I am not trying to suggest that the program has worked in a way that will satisfies all our objectives. Probably it has not worked well enough for us to continue it on a permanent basis, although I don't wish to offer that judgment now.

However, there are gains to be found in an education program other than bringing people in. We wish to create a certain set of environments for their activities in service and to indicate to them what sort of behavior we would like them to pursue. VEAP to some extent, I think, has contributed to that, and we would hope to contribute more to that sort of behavior in any new program that we would offer you.

Mr. **Hunter**. Thank you, Mr. Chairman.

Mr. **Nichols**. Mr. Hale, if you will turn to page 11 of your dissertation here, the second paragraph, you say after 8 or 12 years of service, when active-duty personnel often face subsequent reenlistment decisions, the benefits of H.R. 1400 would produce a stronger incentive to leave.

I presume that you are saying that after 10 years of service he the becomes vested, that benefits are triggered to his dependents, And that he would have a desire to leave.

Is that the premise on which you make that statement?

Mr. **Huck**. I think that is essentially correct. We were talking about a negative bonus—that is, when a person is vested with the benefit, there is an incentive to separate to make use of it. We said the value of the benefit the 8-year point was $4,200. That is what we assume to be the negative bonus value at 8 years.

At the 12-year point, it was $3,500. If we had transferability, we could offset a large portion of that negative bonus effect.

Mr. **Nichols**. Our records show that of the men who complete 10 years of military service, 90 percent continue on to finish 20 years. Are you saying that if we pass 1400, with its transferability, that we could see this 90-percent drop?

Mr. **Huck**. No, sir.

Mr. **Nichols**. What are you saying?

Mr. **Huck**. We are saying that, given the basic benefit that is offered without transferability, retention would decline somewhat. With transferability, offered on top of the basic benefit, the transferability itself will essentially offset any, or most of the decline that would have occurred in retention due as a result of just offering the basic benefit. We are saying that essentially retention will decline much less if you add transferability on top of the basic benefit.

Mr. **Nichols**. Well, I am not sure I understand what you are saying, but I presume this is what the computer spit out.

Mr. **Hale**. May I take another shot at it? Educational benefits are an incentive to leave so you can use the benefits. Is that a fair point? If you just enact a program of education benefits, you are likely to see a decline in retention. You can do several things to offset that. One is to allow people to transfer their benefits to their spouses or dependents. We estimate that if you did that, as H.R. 1400 does, you would erase most of that incentive to leave. You won't get higher retention, but you would offset most of the decline. You could also achieve the same result with selective reenlistment bonuses or other incentives.

Mr. **Nichols**. I yield to Mr. Montgomery.

Mr. **Montgomery**. According to all the testimony we have had, transferability would keep them in the service and your percentage would go up. In fact, the cost comes in because people will take the transferability and where the other programs have 40 and 50 and 60 percent of those eligible have used the GI benefits during the different wars, that the transferability, it would go up, the percentage would go up and we would keep them.

Mr. **Hale**. That is not consistent with our results. I would urge that you ask those witnesses how they derived their results. Without transferability, the availability of education benefits is an incentive to get out. We are going to have to offset that incentive in some manner.

Mr. **Montgomery**. Is transferability an incentive to stay in?

Mr. **Hale**. Yes. To the extent that you have an incentive to get out to use the educational benefits, transferability would be an offsetting factor.

Mr. **Montgomery**. Suppose you had 10 years in military service. You say that is an incentive to use those benefits. But supposedly you then have 10 years under your belt toward retirement.

Mr. **Hale**. I think at that point you would have a strong incentive to stay in for retirement, so you are not likely to see substantial changes in retention after 10 or 12 years, regardless of what you do. In other words, I would not expect to see any major changes after 10 or 12 years, with or without transferability.

Mr. **Singer**. Mr. Chairman, I would like to comment on that question and answer, if I may.

Mr. **Nichols**. Yes.

Mr. **Singer**. If I follow the argument correctly, I think that Mr. Hale is indicating that the number of people who would reach the 10-year point, given an educational benefit but no transferability, would be smaller than the number of people getting there now.

Transferability would serve to raise the number continuing beyond the 10-year point.

Mr. NICHOLS. Let me ask you a series of questions, if I may, Dr. Singer.

You said that analysis indicated that uniform benefits for all services would hurt the Army recruiting program.

Mr. SINGER. Yes, sir.

Mr. NICHOLS. If that is your judgment, and if Army recruiting would indeed be hurt, should the Congress and the administration, consider any proposals which would provide the Army with any advantages?

Mr. SINGER. The administration is considering practically everything at this point.

I believe that a uniform benefit or general entitlement, or whatever else you would like to call it, can serve a number of purposes not measured by our test program. In particular, I think a uniform benefit would let us use different approaches to recruiting. It would change people's perceptions about military service vis-a-vis civilian alternatives and do other things which we have made no attempt to measure in this test and which are not reflected in the test results.

As I indicated in my answer to a question from Mr. Smith, I believe that a uniform benefit will tend to create problems for us in terms of our ability to induce high quality individuals to serve in places where we need them most. It is that, which I called tension earlier, that indicates to me that perhaps we should be cautious and we should ask you to be cautious in terms of structuring an overall program.

I believe the test has indicated that a program may have heretofore unanticipated adverse consequences and that we should learn from what the test has told us and try to avoid those consequences in the program that we will structure.

Now, as I said earlier, I do believe we can overcome those adverse consequences, for example, by reason of targeted educational benefits or targeted other incentives. It happens that H.R. 1400 and many other pieces of legislation, both proposed and maybe incipient, provide for such targeting, and that benefit is consistent with the results of our test, and I believe we would therefore support it.

Mr. NICHOLS. This committee has been deluged with people with stars on their shoulders and Secretary on their names who have said, "Gee, this is the finest thing since indoor plumbing."

Now, that being the case, can you give me some idea when the administration is going to be prepared to send the Congress its proposal? I presume they favor it. Mr. Montgomery says the President and Mr. Stockman favor it.

Mr. SINGER. I couldn't speak for Mr. Stockman. I can't speak for anyone, in fact. I have no stars on my shoulders and no secretary goes before my name. I would hope we would live up to the promises we made to you earlier, that Dr. Korb made when he testified before you in September, that we hope to send you, and expect to send you, a proposal early in the next congressional session, and we are working on it. We are working hard on it.

Mr. NICHOLS. Could you give me a ball park date? Perhaps January?

Mr. SINGER. I think you would be entirely within your rights to disregard any precise estimate that I might give you because my ability to influence that precise date is nil.

I would hope we would try to have it for you by February or the end of January. That is the most speculative and unreliable of estimates.

Mr. NICHOLS. Dr. Polich, when are you going to wind up the Rand report?

Mr. POLICH. We are just about completed with the Rand analysis of the enlistment test. We should easily have final results to report in January or February.

Mr. NICHOLS. Does anybody else want to be heard?

Mr. MONTGOMERY. I plan to offer an amendment when we mark up the bill for the National Guard and Reserve, but we found out, by increasing the benefits of education for reservists from $2,000 to $4,000, that it has been very, very helpful in recruiting for the reservists. In fact, it is a 200-percent increase of educational benefits for the Army Reserve that we were told about.

I guess my question is to either one of you gentlemen, any of you. Did you all have any chance to make any input on how the Reserve Forces would be affected on this GI education bill, and just for the record about 45 percent of all the combat missions now are in the Reserve Forces.

Mr. HALE. We have not tried to do a quantitative analysis of how the Reserves would be affected, and I think it is really beyond our capabilities to do something in the next month or so to meet the committee's timetable.

I think it is fair to assume from what we know about the Active-Duty Forces and what you have just said—and from what I understand about the educational benefit in the Reserves—that it would improve Reserve recruiting. But we cannot put a number on it, at least not in the next month or so.

Mr. MONTGOMERY. I would think that these additional studies, Mr. Chairman, should not leave out the Reserves and the National Guard because when the bill is ready for markup, I will offer an amendment to cover Reserve Forces.

My other comment would be to Dr. Singer about this type of bill hurting the Army. Included in H.R. 1400 is a kicker allowing the Chief or the Secretary to add additional funds for education for the combat arm.

Mr. SINGER. Yes, Mr. Montgomery. I believe I mentioned earlier in one of my answers to a question that we find a provision of that sort, of which we are aware as being incorporated in H.R. 1400, is a positive factor in our ability to proceed with our objectives. My concern is that other provisions of a bill might make it more difficult to exercise that one and thus might create incentives which we would then have to overcome through offering those sorts of supplements.

Mr. MONTGOMERY. My last question is, after December 31, 1976, when the GI bill was terminated, Army enlistments had a tremendous dropoff and it was credited to no longer having the GI bill. Is that the way you read it?

Mr. SINGER. We have had a number of studies done of that experience in all the services with respect to high-quality enlistees and

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all enlistees and high-school graduates and nonhigh school graduates, and we have sliced it about every way you can think of. We have concluded that the termination of the GI bill did, in fact, cause a significant change in the number of high quality enlistees in the services, that the effect was perhaps most pronounced, at least in percentage terms, in the Army and less so in the other services; that some of the remarkable change in the numbers was artificially created by the fact that people sort of selected themselves in to get under the wire and therefore artificially held down the numbers of people who would have enlisted in subsequent quarters, but quite apart from that sort of behavior, it was clearly a significant change, and this is a factor that is consistent with our conclusion in the test that educational benefits are clearly a way to influence the propensity of high-quality enlistees to join the military.

We are in no way attempting to suggest that educational benefits don't work. Quite the opposite. We believe they do, and our entire thrust at this point, as it has been over the course of the year, is to try to structure a program which will let them work in the most effective way to man our military requirements.

Mr. NICHOLS. Mr. Wincup, have you any questions?

Mr. WINCUP. Mr. Hale, we talked a little bit about high school graduate percentages and the likelihood of the Army achieving those in 1982. There is also a constraint on the number of category IV personnel they can take in of 25 in the Army in 1982. I understand with existing resources there is question whether the Army could hold to that number. What is your estimate of the impact of a recruiting cut, including an advertising cut of some size on that constraint?

Mr. HALE. The CBO's estimates that we have presented today also reflect limits on category IV personnel at 25 percent in 1982; so I think we are saying that it is likely they will be able to meet both of those goals. If they received a cut of around $100 million as the HAC has proposed, and the cut was distributed equally among the services—that is in proportion to their current recruiting and testing budgets—you would see a decline of perhaps 2 to 3 percentage points in the achievement of the Army and larger declines in the other services. These results assume cuts in bonuses. The effect would not be as significant if recruiters were cut.

Mr. WINCUP. Your position, obviously, is to provide analysis based on what factors you find available.

Just to point it out, earlier this year, your analysis was substantially different about the ability of the Army to meet those quality constraints, and, in fact, there was a good question as to whether they would be able to meet those constraints. And things have changed over the course of 6 months due to factors—I don't mean to put words in your mouth—but factors none of us are really very clear about. Some things have occurred in the economy and there are other matters, but we don't know why recruiting has improved that much. Is that fair?

Mr. HALE. I think that is fair. We have said the results we are presenting are based on 1981 trends. Fiscal year 1981 was a very good year for Army recruiting and for recruiting generally. Part of that was because of two factors we can account for: An Army pay raise and general unemployment. Some of it was unanticipated presumably attributable to management attention in the Army. I would hope most of that management attention will continue, but we are going to have to wait and see. That was one of the factors we suggested might require you to have a hedge in terms of added recruiting incentives, or on the other side, that you have not cut current recruiting incentives.

Mr. WINCUP. Let me expand on that slightly, then. With analysis swinging rather sharply over some short period of time, and if you were in the position of Members of Congress who really are responsible for providing sufficient funds to meet statutory standards as well as provide an adequate national defense, do you think it would be advisable to cut recruiting funds at this point when the future is somewhat unclear.

Mr. HALE. I can't give you a simple, enlightening answer to that. The numbers as they stand—even if some of that recruiting improvement does not continue—suggest that 1982 will be a pretty good year. Unemployment is going to be high.

I think the problems will occur after 1982. And since there is obviously some tendency not to restore a cut, I would think twice about it, perhaps. I don't believe that you are going to make a strong case for resisting some changes based on likely 1982 results.

The other thought on the recruiting and advertising budget would be to look carefully at whether some of the reduction could be achieved by consolidations or other efficiencies that might harm recruiting less.

Mr. MONTGOMERY. Would the gentleman yield?

Is there anyone who can answer this? On recruiting, what are the categories we are getting? I know we have gotten away from category IV, but isn't it category III—a low 3—that represents the majority of test scores we are getting?

Mr. HALE. Basically, there is now a limit of 25 percent that each service can recruit in category IV in 1982. There is a substantial percentage of the category IIIB, which is the one right above IV. I can't give you that number offhand for 1981.

Does anybody else know it?

Mr. SINGER. Mr. Montgomery, we will be happy to submit it for the record. I am afraid I don't have it with me, either.

Mr. MONTGOMERY. I think it would be very important for us to see what it is.

Mr. SINGER. We could surely provide it.

[The following information was received for the record:]

The number of category IIIB's enlisted in 1981 was 86,821.

Mr. WINCUP. It is probably the largest single segment of any of those categories, isn't it?

Mr. HALE. In the Army? I think that may be right.

Mr. WINCUP. If I could proceed quickly on one further point, Mr. Hale, on the fiscal year 1982 recruiting resources, you point out that the difficulties, although your current estimate is that 1982 is not a real big problem, but 1983 and beyond may well be, isn't it true that resources provided for 1982 are, in a sense, an investment in terms of a recruiting program and what it produces in the future?

You get recruiters into the high schools and the right areas to recruit the right kind of people, and you advertise to attract those people, and so to some extent resources invested in 1982 do, in fact, have a substantial impact on 1983 and years beyond.

Mr. Hale. That is fair to say. Again, our numbers would suggest there are certain circumstances in which 1983 and beyond would be a problem. If, however, the Army carries out its current plan of cutting end strengths in 1983, 1983 is not likely to be much of a problem either. That is something the Congress may want to consider next year.

Mr. Nichols. Some days ago, the chairman received a letter from the former Chief of Staff of the Army, Gen. William Westmoreland, which I would like to insert in the record, along with a recent letter from the Marine Corps League.

Without objection, these will be inserted in the record.

[The information follows:]

Mr. Nichols. I have two letters which I would also like to read excerpts from and have them inserted in the record. One is from Senator Alan Simpson, Chairman of the U.S. Senate Committee on Veterans' Affairs. I will just read excerpts:

> I personally have not come to the firm conclusion on the final form of legislation to be effected in this area and I shall welcome receiving the administration's proposal.

This is a letter addressed to the President.

He goes on to say:

> I plan to schedule a meeting of my committee early in the second session of the 97th Congress. I therefore urge that the administration submit to the Congress its recommendations for legislation in this area as soon as it is feasible and certainly by mid-January, 1982.

The other letter comes from Mr. Weinberger, the Secretary of Defense, and in the third paragraph he says:

> We cannot forward an educational proposal to the Congress until early next year. I hope that the subcommittee will determine that the best course will be to delay final action until our proposal is presented for review.

And so, with both of these letters in mind, it is the intention of the Chair to conclude formal hearings on H.R. 1400 and other bills of like nature until the beginning of the second session of this Congress.

It is also my intention, Mr. Montgomery, to address a letter to Secretary Weinberger asking that he forward this proposal to us as soon as possible and certainly no later than the first of February.

Is there any other business of the committee?

Mr. Montgomery. I would like to thank the chairman. I guess we have had more extensive hearings on H.R. 1400. At one time, I thought we would just go forever on hearings. I am glad to see that we have a date now and I do want to thank the chairman, the staff, and the members for coming.

I think we have built up a wonderful area of study that can be used not only by this committee, but by others in order to look into the educational situation and incentives and retentions for the military.

I want to thank the chairman.

Mr. Nichols. Thank you, Mr. Montgomery, for your interest in the subject at hand.

If there is no further business, the subcommittee will stand recessed until the call of the Chair.

[Whereupon, at 3:18 p.m., the subcommittee recessed, to reconvene subject to the call of the Chair.]

HOUSE OF REPRESENTATIVES,
JOINT HEARING OF THE MILITARY PERSONNEL AND COMPENSATION SUBCOMMITTEE OF THE HOUSE COMMITTEE ON ARMED SERVICES, AND THE EDUCATION, TRAINING, AND EMPLOYMENT SUBCOMMITTEE OF THE VETERANS' AFFAIRS COMMITTEE,
Washington, D.C., Thursday, March 11, 1982.

The subcommittee met, pursuant to notice at 10:30 a.m., in room 1324, Longworth House Office Building, Hon. Bill Nichols (chairman of the subcommittee) presiding.

Mr. NICHOLS. Good morning.

It is a pleasure to open this joint hearing with the Subcommittee on Education, Training and Employment of the Veterans' Affairs Committee chaired by the Congressman from Pennsylvania, Mr. Edgar. Our two committees have always enjoyed a close relationship and I look forward to this morning's opportunity to share views.

The Veterans' Affairs Committee has favorably reported H.R. 1400 on May 19, 1981, that would establish a new educational assistance program. This legislation was jointly referred to the Armed Services Committee and we have had a number of hearings on this proposal to date.

However, we have been awaiting the administration's position on such a proposal and our witness this morning will be Hon. Lawrence J. Korb, Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logistics, who will be able to provide us with that information.

Before I ask Dr. Korb to present his testimony, I would like to ask Chairman Edgar if he has any remarks he would like to make.

Mr. EDGAR. Thank you, Mr. Chairman.

Mr. Chairman, I would like to particularly thank you and your staff and members of your subcommittee for accepting the opportunity and the invitation to hold joint hearings.

The Veterans' Affairs Committee and the Armed Services Subcommittee, have a joint responsibility in looking at the need for and development of a new GI bill for the All-Volunteer Forces.

In our committee we had six hearings on H.R. 1400, thoroughly reviewing the concept of a new consistent education program with the feeling that it was necessary for the long-term quality of the All-Volunteer military.

We reported the bill, as amended, out of our subcommittee and the full House Committee on Veterans' Affairs voted in support of the legislation.

We have testified before the Armed Services Committee and the Senate Veterans' Affairs Committee on this legislation and there are presently 125 cosponsors of H.R. 1400.

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The military personnel here in Washington and nearly 100 troops in the field who we interviewed all supported the proposal as a cost-effective recruitment and retention tool. Education benefits alone, they said, cannot do the job. But they would provide a meaningful, positive boost to the quality and quantity of young men and women joining the military and staying in the military.

From the cost standpoint, history has shown that for every dollar invested in previous GI education bills, the Government has received $3 in return.

Obviously, our country is facing an economic crisis at the present time. I can think of no better investment in our economy or our military than education.

The witnesses before us today will probably say that the armed services is meeting all of their recruitment quotas. But I, for one think that it's highly inequitable to fill the military ranks using hard times and unemployment as incentive.

Patriotism should not be bought. It should be rewarded. I hope as we listen to our witness today and as we all study the importance and value of an all-volunteer GI education program, that we'll recognize the need to address this problem, even if ranks are becoming filled because of high levels of unemployment.

Again, I want to thank you, Mr. Chairman, for cohosting these important hearings today and I look forward to hearing from the witnessses and pursuing, very aggressively this particular issue.

Mr. NICHOLS. Thank you. We appreciate your committee sitting with us today.

SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT

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Mr. NICHOLS. Dr. Korb, we've waited for your appearance for a good while, sir, and you may proceed.

STATEMENT OF DR. LAWRENCE J. KORB, ASSISTANT SECRETARY OF DEFENSE FOR MANPOWER, RESERVE AFFAIRS AND LOGISTICS

Dr. KORB. Thank you very much, Mr. Chairman.

It's a pleasure to appear before you today at this special joint hearing. Last year I testified before both committees and outlined the Department's plan for developing an educational benefits program for members of our Armed Forces.

The discussion of an educational benefits program to aid the All-Volunteer Force has been going on for nearly 3 years. During that time, the terms of the debate have remained static, but the real world has changed a great deal.

Three years ago, the Department had severe problems attracting the kind of volunteers it needed. Real military compensation and benefits had declined dramatically, and the total defense budget was too small to address the true defense needs.

Today, however, the quality of our recruits has improved markedly, and the Reagan administration, together with the Congress, has increased the defense budget to more realistic levels consistent with the threats and dangers we face in the world.

Educational benefits must be viewed as part of the comprehensive benefit package available to military members. This package now contains significantly better pay, bonuses and reimbursements, and a more realistic housing allowance, than it did 3 years ago.

Today, I will present the Department's position on an educational benefits program for military members. I propose this program against the backdrop of our recent recruiting and retention successes, and a Federal budget constrained by the large increases in defense, including those significant increases in military compensation, and tax cuts needed to spur the economy.

The Department has carefully tested, analyzed and thought about the need for educational benefits for its military members with these changes in mind.

We propose to continue the current veterans' educational assistance program, the VEAP, together with the Secretary of Defense supplemental or kicker option through fiscal year 1983.

We request the option to propose an alternative program to VEAP should it be necessary in the future to improve our force manning capabilities. We also propose to extend the 1989 delimiting date on the current GI bill until 10 years after a member, who is eligible for this benefit, leaves or retires from the service.

Finally, the current educational incentive program for Selected Reservists should continue in its present form.

I would like to explain how we arrived at this three part proposal. It is a product of the state of the All-Volunteer Force, the economy, the fiscal year 1981 DOD education test program and discussions with the services.

As I mentioned in the beginning of my statement, we're living in a different world now than when we began this discussion 3 years ago. Since 1980, our recruiting successes have been exceptional. As we have previously reported, last year we exceeded our goals for recruiting, both in quality and quantity.

Of the over 300,000 young men and women who volunteered for enlisted service, 81 percent were high school graduates. And the percentage scoring average or above, categories I-III, on the Armed Forces Qualification Test (AFQT) has increased from 69 percent in fiscal year 1980 to 1982 percent in fiscal year 1981.

In the Army, which has historically had the most difficult time recruiting high quality recruits, the fiscal year 1981 high school graduate rate was 81 percent, and the percentage scoring average or above on the AFQT increased from 50 to 60 percent. We find these trends becoming even more favorable in the current year.

Our retention statistics have also greatly improved. First-term reenlistment rates in fiscal year 1981 reached an all-time high of 43 percent. The Army rate was 55 percent. These rates for the first quarter of fiscal year 1982 are even better—54 percent for the Department and 63 percent for the Army. Career reenlistments reached 76.5 percent in fiscal year 1981, the highest since fiscal year 1975, and rose to 84.1 in the first quarter of fiscal year 1982.

But in addition to the positive changes in recruiting and reenlistment rates, the state of our economy has changed in recent years. Every Federal dollar spent needs to be carefully considered before commitments are made. In today's economy, we cannot afford to spend one unnecessary dollar.

During fiscal year 1981 we conducted the congressionally mandated educational assistance test program, the EATP. All services participated in this test, which is now completed, and the final data are in.

The educational assistance test program, tested a noncontributory VEAP program, a more generous $15,600 inflation-adjusted tuition/stipend program, and "Ultra VEAP," that is VEAP with large kickers in the Army.

We also tested a retention portion of the noncontributory programs offered. A loan repayment program was offered nationwide. The data on the loan repayment program are still being gathered by the services at this time.

The Department found that the enlistment tests appeared to be implemented uniformly across the test cells and among the individual services. Further analysis revealed that there were no imbalances in the test areas which might have changed the test results.

The test findings show that educational benefits can be effective in recruiting high quality personnel into the Armed Forces. The test, however, was not designed to, nor does it indicate whether other enlistment incentives, such as cash bonuses, would be more cost-effective than educational incentives. The test does demonstrate that educational benefits are capable of increasing the number of high quality enlistments somewhat.

The test also shows that a uniform benefit, where all services offer the same benefit amount, will reduce high quality enlistments in the Army. In addition, offering the same benefits to enlistees in all skills could draw recruits out of the combat arms into those skills which are transferable to the civilian sector and involve less risk.

Offering a targeted program in which more generous benefits are offered only to selected personnel can improve manning in particular skills. Such a program also has the effect of increasing the total number of high quality enlistees in all services.

In addition, we believe that if an educational benefit is too large, it will provide an incentive for the member to leave the services after he or she becomes eligible for the benefit.

The test provided no consistent evidence that retention rates would be improved through the features of either transferability or cash-out. The test design and time and budget constraints, however, did not allow for definitive conclusions in this area.

During the final stages of the test and after its completion, my staff worked with the staffs of all the services in an effort to develop a program of educational benefits that would satisfy the diverse needs of each service without harming another. We decided that any new educational benefits program would be funded from the DOD budget since DOD is responsible for providing the most cost-effective mix of benefits to members and potential enlistees.

All services believe that some type of noncontributory educational benefit would be beneficial to them, but it is not free. The estimated annual cost of some proposed programs exceeds $2 billion. When faced with other demands for limited resources and the overall good recruiting and retention environment, all services support an extension of VEAP at this time. In other words, they do not believe they can afford an expanded educational benefit program at this time.

In addition to these deliberations, the Military Manpower Task Force, the MMTF, discussed the issue of a new military educational benefits program. The task force concluded that the most cost efficient educational benefit program is the current contributory VEAP program.

The task force also concluded that educational benefits are not the most efficient incentive for recruiting high quality personnel. Other recruiting incentives such as bonuses, are more efficient. In addition, bonuses do not have the adverse effect on retention that educational benefits have. But of all the educational program options that were considered, the VEAP program is the least likely to hurt retention.

The coming together of all these various aspects led to the Department's proposal which I outlined earlier. I would now like to speak in more detail about the various aspects of the proposal.

The first part, continue the VEAP with kickers.

This would permit the Department to continue to offer educational benefits to recruits. VEAP is a relatively low cost program and the adverse effects of VEAP on retention are small. The kickers permit flexibility in increasing the number of high quality recruits in areas where they are most needed. Only the Army uses kickers now, but we have the authority to grant kickers to any service that requests them. To date, no other service has made this request. Although the Department has not yet used them as such, kickers can be used to increase retention as well as recruiting if the need arises.

The Congress recently improved VEAP in several ways. The range of the individual's contribution level has been changed from the previous $50–$75 per month to $25–$100 per month. Another change allows lump-sum contributions. Although the contributory nature of VEAP is open to criticism, it is also true that only those who value education highly will make use of the benefit. In this regard, it is much more cost efficient than a noncontributory program.

Second, extending the 1989 GI bill delimiting date.

We recommend that the delimiting date for current GI bill benefits be extended to 10 years after the member's discharge or release from Active duty. The Department simply cannot afford to lose highly trained technicians who leave Active duty early in order to use their earned educational benefits.

The Navy reports that 41 percent of third-term personnel leaving the Navy rank "to keep from losing my GI bill benefits" as one of the most important factors in their decision to leave the service. Navy estimates that 250,000 of its Active duty members are eligible for GI bill benefits.

Third, Selected Reserve education program.

Currently, we offer a $4,000 educational program, which is authorized through fiscal year 1985, to cover the enlistment period of

6 years, to members in certain skills in the Selected Reserve. Together with the loan repayment program, which is authorized through fiscal year 1983, we are able to provide approximately $7,000 in educational assistance to members in critical skills. This program has been very successful, has helped ease the shortages in the Selected Reserves, and we do not see a need to change it at this time.

This concludes my presentation to you. My staff and I will continue to work with you and your staffs in this area.

In closing, the Department supports educational benefits, but the cost must be justified by recruiting and retention needs. The program I have outlined today responds to those needs.

Thank you very much.

Mr. NICHOLS. Thank you, Mr. Secretary.

I have to tell you at the outside that your conclusions and your recommendations are somewhat disappointing.

We were led to believe that on February 1 of this year, we would have an official position from the Department of Defense. That day came and went and here on the 10th of March, you bring this report to us.

Now, as I understand the Department's recommendations, you, in effect, are viewing an educational program only as a tool to assist recruiting and not as an entitlement as a reward, for service or for readjustment as was the case in the past.

If this is the situation, it would appear to me that DOD would be paying for contributions under the VEAP program for a number of enlistees who might be attracted to the military, anyway. And would sign up for the VEAP program as an after thought.

Mr. Secretary, isn't this somewhat of a waste of recruiting funds and don't you believe it indicates the VEAP program is not exactly consistent with the DOD philosophy.

Now, every witness that's come before us has indicated to us that the VEAP is not working. And here you come to us recommending that we retain the VEAP program, a program that numerous witnesses have come before us and said, it's not working.

We've got about 16 percent participation, I believe, in the VEAP program. About 7 percent participation in the Air Force and somewhere around 24 percent in the Army.

I just have to say to you, Mr. Secretary, I'm somewhat disappointed in the recommendation and I yield for your comments that you might have.

Dr. KORB. When you say that the VEAP program is not working——

Mr. NICHOLS. I didn't say that, Mr. Secretary. Witness after witness have indicated that.

Dr. KORB. When the witnesses have said that the VEAP program was not working, I think they were looking at it a little bit too narrowly.

The VEAP with kicker program that we tested last year and that we have in effect now in fiscal year 1982, has helped the Army dramatically to improve the quality of the recruits that it has brought in.

If you take a look at the number of category IV's who came into the Army in the first quarter of fiscal year 1982, you will find that it has dropped to about 18 percent.

Now, if you compared that result to 2 years ago when the Army was taking in approximately 50 percent of the people in category IV, I would submit that the VEAP with kicker program together with the things that this committee and the administration have done, are working quite well.

In addition to VEAP where the participation rates are low, we offer a number of other educational benefits programs in the services. We provide tuition assistance to some 900,000 of our service people to attend school. So, I think you have to look at these programs and those who criticize them have to look at educational programs in the totality.

Because of the fact that an individual has to contribute to VEAP, we feel that the individual who places a high value on education will participate, and this will become one of the things that attracts them to the service. Certainly, not the only thing. So, we're not viewing educational benefits as entitlements. We're viewing them as one of a number of things that brings people into the service.

But I think your point is well taken regarding what we're trying to do, since people volunteer to come into the military right now. We're viewing educational benefits as recruiting incentives, something that won't hurt retention, rather than as a reward for having been forced or compelled to leave one's civilian occupation through conscription.

Mr. NICHOLS. Mr. Secretary, on November 13 of last year, Secretary Weinberger wrote me, and I quote:

> The DOD was developing a program of educational benefits that will help us meet the manpower needs of the All Volunteer Force through the present decade.

Now you come to us this morning with a renewal of the VEAP program. Are you satisfied that this is going to meet the manpower needs through the 1990's?

Dr. KORB. Yes, sir, I am.

Obviously, circumstances could change and as I mentioned in my statement, we would want to keep open the option of changing all of the programs we have. Certainly, this is true in terms of bonus programs and education programs.

But remember this is a three-pronged program. The VEAP with the kickers gives the Army the advantage which we feel that they need because they have to recruit the highest number of people. Historically, they've had the most difficult time attracting high quality people.

The Selected Reserve program which we urge be extended is helping us to fill up the Selected Reserves. The Selected Reserves now have made up all of the losses they suffered when we discontinued conscription and we had the 6-month program as opposed to serving 2 years on active duty. And extending the current GI bill beyond 1989 will keep in those middle grade management people in all the services who would have to get out by 1985 to use this particular program.

We're confident that together with the other programs that Congress has enacted under your leadership, Mr. Chairman, such as the pay raises whereby we have restored pay to the level of 1972 adjusted for inflation, and which allows us to be competitive, this program will help us meet our needs through the remainder of this decade.

Mr. **Nichols**. Chairman Edgar.

Mr. **Edgar**. Thank you, Mr. Chairman.

In my opening remarks I failed to thank and mention the extraordinary role that Congressman Sonny Montgomery has played in the drafting and the support of H.R. 1400 and I'd like to commend him at that point.

Mr. Nichols has just talked about the ultra VEAP. Let me just paint for you a radio commercial, very quickly, that starts with some music for the Army theme, "Be All You Can Be." Then, the announcer comes on and says the Army has helped send more people to college than there are people in college today.

People proud to have served. Proud to have succeeded. Introducing the Army College Fund. For every dollar you put in, Uncle Sam puts five or more. So, after 2 years of serving in the Army, you have $15,200 for college. Call for your free booklet on the Army College Fund, "Be All That you Can Be."

Allegedly that commercial is driving people to run to their telephones and pick them up or go and visit their recruiter and seek entry into the Army; is that correct?

Dr. **Korb**. I couldn't comment on that. I think you stated that allegedly it's driving them is self explanatory. I don't think we know.

Mr. **Edgar**. Isn't that commercial a little bit misleading? Because not everybody gets $15,200 for college.

Dr. **Korb**. That's correct. It's only offered to people who are high quality. That is AFQT categories one through three, who are high school graduates, and who enlist in specific skills, primarily to combat arms.

Mr. **Edgar**. I think if the Federal Communications Commission had to judge that in terms of accuracy in advertising, I'm not sure that they would concur that that particular commercial is accurate in terms of the benefit received by the person who, like any other commercial, goes and procures that product that has been publicized.

Dr. **Korb**. Well, if you have a complaint, Mr. Chairman, I suggest that you submit it to us and we'll check into it.

Mr. **Edgar**. My complaint is not so much with the commercial because I think that you are getting the kind of numbers that you've outlined in your statement. Not because you have an ultra-VEAP. Not because you've done some significant things in your recruiting proposals.

But because we're facing almost the highest unemployment since World War II. We're facing economic pressures on our society of phenomenal degree. We're facing substantial cuts in education and loan and benefits programs in the civilian side of life. Most people do not need a scientific study or poll to recognize that the military becomes far more attractive with the higher levels of economic distress that we face in our Nation.

I think that the point has to be made at some point, which I hope to develop in questions and follow-on questions, is that you don't fix your roof when it's raining. You fix it when the Sun is out. I think that some of your statement tends to lean in the direction that because you're meeting your recruitment figure today, suddenly the need for a GI bill is not there.

Let me review what H.R. 1400 had intended to do and ask you some specific questions. There were five provisions of H.R. 1400.

Provision 1, was a loan-forgiveness provision which said if you're presently in college or in universities, and you come into the service and give 3 years of service, each of those 3 years, part of that loan would be forgiven.

Mr. Secretary, do you think that that is a good provision?

Dr. **Korb**. I think that that provision attracts a certain number of people.

Mr. **Edgar**. The second provision of H.R. 1400 provides $300 of benefit for 36 months for anyone who serves for 3 full years within the all-volunteer military. You make the comment in your opening remarks, that some of your fear was that the benefit levels that were being laid out for a new GI bill would be not an incentive to stay in the service.

Do you think $300 is too generous a monthly commitment to someone who has served 3 years? Even though that $300 is less than what the person who qualifies for the Vietnam-era GI bill would receive? The very bill that you're asking for an extension of the delimiting date on?

Dr. **Korb**. I think that you have to, when you talk about whether it's too little or too less, have to take a number of factors into account.

We have now have brought military pay back to the levels of 1972, adjusted for inflation. People who receive the Vietnam-era GI bill, for example, who came in the service, had their pay artificially depressed for 2 years until the late 1960's, when pay was made comparable. So, I think that when you talk about too less or too little you must compare it.

Too less or too little may depend upon the school that you go to. What the tuition is. It might be too little at Harvard but it might be adequate at a State university, for example.

We can furnish the statistics for you, for the record, as to what we feel the effects of H.R. 1400 would be on retention.

As I can recall, our analysis shows that if H.R.1400 were enacted, we would suffer about a 10-percent loss in our retention rate. So, we have to increase our accessions by 10 percent if H.R. 1400 were enacted.

[The following information was received for the record:]

In the short run, retention would increase somewhat, and the career force would grow slightly, with HR 1400 compared to a no-benefit case, because the "second tier" of benefits under HR 1400 provides an incentive to stay for an additional term. However, in the longer run, those who are eligible for the second tier of benefits have an even stronger incentive than previously to have to enter school. The transferability provision offsets this slightly, but the net effect remains negative, in the long run.

Without the second tier provision, the short term effects of HR 1400 on retention and the career force would be slightly negative. In the longer run, the effects of HR 1400 with a transferability provision but without s second tier would still be significantly negative, but the negative effect would not be quite as large as the case where the second tier is included.

Our estimates suggest that the career force will be 0.8 percent greater in the Army, 0.6 percent greater in the Navy, 0.9 percent greater in the Marine Corps and about the same in the Air Force, five years after implementation of HR 1400, compared to a base case where there are no educational benefits. However, in the longer run (about 10–12 years after implementation) the net effect of HR 1400 will be to reduce retention, and to reduce it relatively significantly. Our estimates indicate that, in the long run, the career force of the Army will be about 6.17 percent smaller. That of the Navy will be about 6.8 percent smaller, the career force in the Marine Corps will be about 8.6 percent smaller, and that of the Air Force will be 5.6 percent lower, with HR 1400 compared to an alternative case where there are no educational benefits offered.

Chairman **Edgar**. The bell has rung and my time is up. I'd like to just close quickly and go back to some specific questions. The other remaining three parts of H.R. 1400 provided for a retention incentive of $600 a month for 36 months of benefit if you stayed for 6 years. And the provision there was provided because of the high cost of training someone and having them leave the service.

The second retention provision, the fourth provision of the bill, provided transferability. After 10 years service, if you committed yourself to staying within the all volunteer military for a career, you then would transfer those benefits to your spouse or to your children.

Finally, there was the kicker provision provided for the military, at the discretion of the Secretary, to develop an opportunity to give someone a leave of absence from the military so that they could get their education provided they come back in and committed themselves to the all volunteer military.

I have other questions which I will pursue. But I hope that we can focus back on the issue of what is an adequate benefit. And whether or not we're not seeing a temporary aberration because of high levels of economic distress, in terms of a permanent need within the All-Volunteer Force structure.

Dr. **Korb**. Mr. Chairman, if I may respond to one of the things that Mr. Edgar has said. I think that if you check unemployment levels among the people from whom we draw, the 17-to-21-year-old group, you'll find, unfortunately, they've been high quite a few years.

In fact, they were very high in fiscal year 1980, which was our worst recruiting year. But I think to leave the impression that it's only the economic situation that is driving people into the military is incorrect.

Obviously, it plays a part but I would submit that the things that Congress has done—raising pay and benefits to the level they should be, a resurgence of patriotism in the country—these things have played an equal, if not more important role than the economic situation.

Mr. **Nichols**. Mr. Hopkins.

Mr. **Hopkins**. Thank you very much.

Let me say first of all, Mr. Chairman, that I, as a member of this committee certainly appreciate the leadership that you have provided and certainly compliment our colleague, Mr. Montgomery, for his untiring efforts on behalf of H.R. 1400.

Mr. Secretary, I must say to you with all due respect to your statement that was obviously very well prepared, that I find it underwhelming.

Dr. KORB. It's been called worse things.

Mr. HOPKINS. Yes, sir. Well, I cleaned it up a little.

What do you propose at a time when the male population of our country is now reducing itself and we get into the 1990's when the services are going to have to recruit maybe one out of every three males.

What do you propose as an incentive?

Dr. KORB. Congressman, I think that something needs to be corrected here. We obviously are concerned about this. We asked the services and we offered them, actually, all of the benefits in H.R. 1400.

We asked them to come back and tell us which ones they wanted. The only thing we told them was that they would have to pay for them. And when the services saw that they would have to pay for these benefits themselves, they decided that the current program, plus other noneducational incentives, would best meet their recruiting needs.

That's what we're proposing.

It's not that we don't think that these will not help. In fact, a lot of things are very praiseworthy and, as I said, we may have to come back and do that.

But right now, the services looked at the situation and when asked to provide the funds for educational benefits, decided that other things were more cost effective in meeting their manpower needs.

Mr. HOPKINS. Mr. Korb, let me ask you another question. I have found in talking with people that are in the service that the transferability clause has been very, very attractive to those people.

Do you have a cost estimate on that?

Dr. KORB. Yes, we do. We can furnish that for the record. As I mentioned in my statement, we tested that last year at the Congress insistence and we found that its impact was not—did not justify the cost of the program.

Mr. HOPKINS. What was the cost?

Dr. KORB. I can furnish you for the record, Congressman, because you'd have to tell us exactly what the level of benefit that you would have. What type of discount rate you would be implying. So, we can furnish that for you, putting in all the assumptions.

[The following information was received for the record:]

A transferability option, if added to an educational benefits bill with an $8,000 basic benefit, would cost approximately $200 million per year when the program reached steady state. If the basic benefit to be transferred were $10,000, the annual cost of transferability would be $325 million.

Mr. NICHOLS. If the gentleman would yield, I believe the figure is $1.9 billion in the 10th year.

Mr. HOPKINS. $1.9 billion. Is that, Mr. Chairman, for the transferability clause?

Mr. NICHOLS. That's my understanding, yes.

Mr. HOPKINS. Thank you very much.

Mr. NICHOLS. Would the gentleman yield? That's the total cost and the transferability would be around $600 million, on the 10th year as the highest cost.

Mr. HOPKINS. Mr. Chairman, if I could clarify that.

The transferability provisions don't kick in right away and the figure of $1.9 billion for the entire package is in 1994 when the figure would reach that level. The first and second year of the H.R. 1400 are very minimal. The third year is a provision that the Veterans' Administration would pay about $176 million.

That's in the veterans' budget that we passed out of our committee yesterday. And then as the transferability provisions would grow, they would be $600 to $700 million of the total package but not until after the 10th year when the transferability provisions kick in.

Mr. Chairman, I yield back the balance of my time.

Mr. NICHOLS. Chairman Montgomery.

Mr. MONTGOMERY. Thank you, Mr. Chairman.

I want to thank you for this rather historic meeting and as far as I know, this is the first time that any subcommittees of the Armed Services and Veterans' Affairs Committees in the House have had the privilege to meet together. I want to congratulate you and Mr. Edgar for giving us the opportunity to find out where we do go on the GI education bill.

Mr. Secretary, our committee started working on a GI bill because we were hearing from Members of Congress on both sides of the aisle and also from people in the military service that we should start a GI education bill, since the war activities had been declared finished in Vietnam and the GI education program had stopped.

I got involved when I heard candidate Reagan talking to the American Legion out West. He told that group that he thought one thing we needed to do in the military is to start a GI education bill. And I've talked to him twice since then. He's totally supportive of a GI education bill.

Was this run by him today? Your statement that you made before this committee?

Dr. KORB. Congressman, all I can say is that the statement was cleared at the appropriate levels of the administration, and we normally clear statements. We follow, as you know, a procedure which was cleared by the Office of Management and Budget which is part of the Office of the President. And this is all I can comment on that.

Mr. MONTGOMERY. We have probably had more hearings on starting a GI education bill again, both in the Veterans' Affairs Committee and in this Personnel Subcommittee.

We've had more hearings on the different bills that have been introduced. And I don't recall anyone from the military or civilian side testifying against H.R. 1400 or another GI education bill. A number of these people in uniforms are sitting out there today. Some testified it wasn't enough funds involved on a monthly basis.

I'm wondering now what's happened to that strong support we were getting several months ago.

Dr. KORB. Congressman, I can give you my opinion. My opinion is that there were a lot of people who were in favor of this as long

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as they didn't have to pay for it. But when confronted with the fact that this costs money—it's not free money, it will cost the Federal Government money at some time, and you can build up obligations—people decided that there were other ways or other things that deserved higher priority.

Mr. **Montgomery**. Well, as Mr. Edgar mentioned, the costs in the first 3 years will be borne by the Veterans' Administration and will be administered by the Veterans' Administration the way the VEAP program is.

Also, we began working on a GI education bill when we were told, as Mr. Nichols said, that the VEAP program was not working and that's the only vehicle you had toward education. I'm afraid we're putting too much emphasis on cost and not enough on how much help it would as far as recruiting and retention.

We've had no one, including a number of people from the service, that didn't say they really liked the retention factor that's in H.R. 1400. It is some money but the big cost to our military is personnel and we want to get the most qualified personnel that we can into the service. Plus this is an educational benefit that will help in the long run to improve our Nation and the living standards of all our people.

Let me ask you this. As I understand it, the Air Force and the Navy really haven't used the VEAP program at all; is that correct?

Dr. **Korb**. If I may, Congressman, let me give you some figures.

For example, the active participants in VEAP, fiscal year 1981, there were 87,174 people in the Army; 46,596 in the Navy; 16,142 in the Air Force; 35,334 in the Marine Corps. That's active participants.

Mr. **Montgomery**. Give me the percentages and then I can compare them.

Dr. **Korb**. Percentages in terms of?

Mr. **Montgomery**. Of each service.

Dr. **Korb**. The Army has about 750,000 people so we would take that percentage of that. We can furnish those for the record.

Mr. **Montgomery**. Could you give them to me now?

Dr. **Korb**. OK. We have the percentages for 1980 and as I look down here the participation rate for the Army for 1977 to 1980 was 27.6 percent. The Navy, 28 percent. The Marine Corps, 26.7 percent. The Air Force, 8.5 percent.

So, for the Department of Defense, it was about 23.5 percent, which basically means that one out of every four people——

Mr. **Montgomery**. What's the dropout rate? And what is your collection rate from the military person that has to put up his fund or her fund?

Dr. **Korb**. We have about a 40-percent discontinuance rate.

Mr. **Montgomery**. That really brings it down, then doesn't it? They start and then they drop out?

Dr. **Korb**. That's correct.

Mr. **Montgomery**. Thank you.

Mr. **Nichols**. Mr. Daschle.

Mr. **Daschle**. Thank you, Mr. Chairman.

I think the line of questioning the chairman of our committee, the Veterans' Committee is taking is an excellent one. I think it probably articulates as well as any I've heard yet this morning the concern that I'm sure many of us have.

I think what I'm reminded of is a soap commercial.

Where we've got a package here that you're just putting some new labels on. The soap is called VEAP. It's the same soap but we've got a box now that's saying super VEAP and VEAP with kickers and ultra-VEAP and all these VEAP's, that it is encouraging consumers to go try new VEAP when the ultimate package is a disaster. The product itself is a disaster. I think the figures that you've just given us, Mr. Korb, are indicative of that.

You've got 23 percent that sign up, that contribute. Eight percent, I might add, in my branch of service, the Air Force and you've got a 40-percent discontinuance.

Now, that to me, isn't much of a program. You're telling us that this is going to be the program that's going to take us into the next 20 years as far as manpower goes and I think you're going to have to be a lot more persuasive in making that case.

You've got a disaster on your hands and whether you call it Super-VEAP or Ultra-VEAP or VEAP with kickers, it's again a product that isn't selling out there. I don't think it's going to sell as you presented it this morning.

I want to ask you to clarify a couple of things. I, too, share Mr. Edgar's concern about these misleading ads. We've had calls from people saying I've seen this on television or heard about it and then come to find out that it's a whole different thing when they come in and find out about it.

That kind of credibility question is going to seriously hamper, I think, your efforts down the road.

But let me ask you about the Selected Reserve portion of this. Are you going to include in that Selected Reserve, the National Guard?

Dr. KORB. That is correct. Selected Reserve does include the National Guard and that's the way the term is used.

Mr. DASCHLE. So, you are—there is no change between your proposal with this Ultra-VEAP and Super-VEAP and our proposal as we've provided it in the legislation.

Dr. KORB. What we are endorsing, essentially, is the current program for Selected Reserve and Guard.

Mr. DASCHLE. I also wanted to in the short time that I have to go back to last year in General Meyer's statement. He makes it very clear that he was seemingly supportive of most of the provisions in the legislation pending at the time. He said that the GI bill which has transferability to family members provides a retention solution. I'm quoting now, "To assist in resolving all of our serious readiness problems."

That's a quote from last year. What I'd like to know, first of all, is whether you disagree with that statement. And second, whether or not you had the unanimity of the people in the services in coming together with this statement. Did you have any disagreement among the branches with regard to the position you've taken before us this morning?

Dr. KORB. Congressman, as I mentioned in response to an earlier question, we offered the services all of the features of H.R. 1400 and several others. We had an educational benefits working group working on this. They were told that they could have these things but were also told that they would have to find money in their budgets if they endorsed this particular program.

Mr. **Daschle**. In other words, if you could pay for it, you can have it. But you can't pay for it. So, obviously, you can't have it.

Dr. **Korb**. No, we didn't say that. What we said is, we offer a number of programs. We have $1.7 billion right now in discretionary payments that we give to people in the armed services that deal with recruiting and retention.

And what we told them was, this program is going to add cost to the taxpayer in one form or the other. And because of that, we want you to weigh this against all of the other things that you offer. But find the money to pay for what you want to offer. When confronted with that, which I think is the fair justification to the American taxpayer, the services decided that other programs had higher priorities.

It's not that these programs are not worthwhile in themselves. We have never argued that they would not help us. In fact, we know that they could help us get more high quality recruits, although they would cause retention problems. But they felt that other programs, such as enlistment bonuses and selective re-enlistment bonuses, could do the job better.

Mr. **Daschle**. Well, I want to ask you. I guess my time is up——

Mr. **Nichols**. The gentleman may proceed with his question.

Mr. **Daschle**. Thank you, Mr. Chairman.

You didn't comment on the transferability provision. Do you share General Meyer's view on transferability?

Dr. **Korb**. Transferability is, in my view, not worth the cost of the program. In other words, it would help somewhat. But when a person gets to the point where they're eligible for transferability, the pull of the retirement system far outweighs the additional cost of transferability as a retention incentive.

Mr. **Daschle**. My time is up. I guess, would make one last comment, and that is, that I hope you apply that same philosophy about whether you can afford it or not to the whole range of areas in defense spending.

Frankly, I wish we would have done that on the M-1 tank. And a lot of other areas to make that same kind of priority judgment. I don't think there's a person in this room that doesn't feel that our priority has to be in manpower.

Our priority has to be in quality. You can't run an M-1 tank, you can't fly the best airplane we've got, unless you've got good people. We aren't going to bring in good people unless we can provide some incentives and I don't see it in this super VEAP soap package you're giving us today.

Thank you, Mr. Chairman.

Dr. **Korb**. May I comment on that? I resent the implication that manpower is not the highest priority. This administration, working together with the Armed Services Committee, has gotten the military people the highest pay raise that they ever have gotten.

Since we've been in office, we have given nothing higher priority than increasing the benefits and taking care of these areas.

My point to you is, not that this is inappropriate, but when confronted with the fiscal realities, the services said other things could do the job better. I want to underline that. It's not that we're opposed to this bill and it's not that we don't think it can help us.

But we recognize, as we should and I think you quite correctly pointed out, that to get something, you have to give up something. And the services felt that other things can do the job better. I think we both share the same end. The question is what's the most cost effective way to get to that particular end?

Mr. NICHOLS. Mr. Hunter.

Mr. HUNTER. Thank you, Mr. Chairman.

Mr. Korb, you mentioned that the Navy rate for participation in VEAP was, I believe 46,000. I can recall in our GI bill forum last year that was held in San Diego, which is the home port for a large portion of the Pacific Navy contingent, everybody—and this was just not the people who attended the forum, but we had questionnaires and people testifying whose testimony was a summary of discussion sessions with literally thousands of sailors—everybody testified that VEAP was a complete failure. One of the recruiters, stated that you could count on the fingers of one hand, the number of people in San Diego who were utilizing VEAP. And I asked everybody there, if there were any people who were utilizing the VEAP program in the audience. We had something like 400 people besides the representatives of the different units. Nobody raised their hand.

I would like to ask you to further examine that 46,000 figure because it simply doesn't ring true with the practical experience that we received in San Diego.

I cannot recall anybody that had a good thing to say about VEAP. The problem simply was that even with the pay raise, these are still tough times for our military people. When you're moving in the San Diego area, you're looking at something like $300 to $400 for housing per month. You just don't have the bucks left over to make that contribution that's necessary.

And that's probably the one reason you have that large 40 percent discontinuance rate. People just can't do it.

But I'd like to address one other thing. And that is, I think the quality of life problem. You know, I was in the service during the Vietnam era and I saw a lot of young people go out and take their cash bonuses, which, in fact, were successful in that they did generate a lot of signatures on the bottom line for re-enlistment.

But they'd go out and they'd buy that nice Ford Mustang and drive off into the sunset with it. And it didn't help them. The absolute greatest benefit that the services can give its young people which ultimately accrues to its own benefit, is education.

That's the only thing that can improve the quality of their service. And I think that in putting this ultimatum to the services and saying, that if you want it, you're going to have to pay for it. You really constructed this debate into a kind of a turf battle. In fact, I think if we put that to the services during the Vietnam era, we probably wouldn't have had a GI bill during the Vietnam era. I think that we have to look at the big picture.

We have got to start with a few givens. One thing that's given for sure, and I think everybody realizes it at this point, is that this Congress is dedicated to maintaining and giving to our young people a solid education. And recently, as Mr. Montgomery stated, we've had a GI bill with no GI's. We've had tremendous educational benefits on the outside.

Now, if you accept the fact that we are going to be continuing to give educational benefits to the young people of this great Nation, why not attach some of those benefits to military service?

I think that the greatest thing that a young person can give to this Nation is military service and the greatest thing that the Nation can give to its young population is an education. So, we've now narrowed this thing down to a very parochial battle in which we've said, we'll take it out of hide. That is not looking at the big picture. I think that perhaps, Mr. Montgomery is correct when he states that maybe the only person who has the big picture is the Commander in Chief.

He realizes it's not just a recruiting tool. It's not just a retention tool. It's a tool that improves the quality of life for a great many Americans long past the date that they leave the services.

I'd like to comment on one other thing. And I do appreciate the fact that you think we need to extend this 1989 December 31 cutoff for the present GI bill. I think the fact that you're asking us to extend that cutoff date, is evidence that the GI bill is much better than the VEAP.

If the VEAP was such a great thing, you wouldn't be having to ask us to extend that cutoff date because these people who were in the service during the Vietnam era, could continue on with VEAP. There's no 1989 cutoff date for the VEAP program is there?

Dr. KORB. There's no cutoff for the VEAP program.

Mr. HUNTER. Then, why do we have to extend this 1989 cutoff date for the GI bill?

Dr. KORB. Because of the fact that it has a cutoff date. The VEAP does not have a cutoff date.

Mr. HUNTER. And because military people, a great many of them, I know the CNO just asked seven of his senior petty officers who were leaving and I think he said, everyone of them said, they're leaving because they feel that they have to complete their education on the GI bill, not the VEAP, before December 31, 1989.

Dr. KORB. Congressman, if I can comment on that.

The reason that we're asking to extend the delimiting date is because it's causing retention problems. In order for the person to fully use GI bill benefits, they'd have to get out about 1985 to get the 4 years in. If they came in in 1975, that would mean we'd lose them after 10 years of service.

So, we are asking that Congress extend this because of the fact that it would hurt retention and I think we both agree on that.

But the VEAP does not have a cutoff date, and therefore the two can't be compared. The GI bill, when the Congress passed it last time, did have a cutoff date. And what we're saying now is let's not penalize the people who are in the service and who may want to get out in order to use this particular benefit—while they still have time.

Mr. NICHOLS. Chairman Edgar.

Mr. EDGAR. On this extension of the GI bill, the 1989 date. Is the Defense Department prepared in its statement today to agree to pay for the extension of the old GI bill?

Dr. KORB. If we have to, we will, yes, sir. It's that important to us.

Mr. EDGAR. Are you aware of how much that would cost?

Dr. KORB. We don't know exactly how much it would cost. We've got some estimates. I can tell you how many people are eligible for it. It would depend on the usage rate.

Right now, there are currently 744,000 members who are eligible for this. If 65 percent of these people were to exercise their benefits, if all of them did so, the cost would be about $3.3 billion.

Mr. EDGAR. $3.3 billion?

Mr. NICHOLS. The gentleman's time has expired. Go ahead, sir.

Mr. MONTGOMERY. Well, to follow up what Mr. Edgar said, actually, if we implemented H.R. 1400, it would be a better bill and these people you're talking about could come under the bill, and it has a transferability, and other benefits. And it would be cheaper than extending the GI education.

So, I'm kind of going down the same line right now. If you're talking about paying for the extension of the GI education.

Dr. KORB. Congressman, I think we're comparing different things. The total cost, if all of the people eligible now would use it, would be $3.3 billion. Your bill would have steady State cost, sir, of about $1.7 billion annually as long as the bill stayed in existence. So we're talking yearly cost as opposed to total cost.

My guess would be that you would not have that many people use the bill because usually people use it when they're younger rather than when they get older. When you're talking about people who put in at least 20 years, I think the participation rates would be significantly below those people who were conscripted for 2 years and then got out and made use of the bill.

Mr. NICHOLS. Mr. Aspin.

Mr. ASPIN. Thank you, Mr. Chairman.

Let me, Larry—I think that the problem here is that the administration may be missing a very, very good chance to do something here that comes along only once in a while.

You and I know and everybody here knows, that there is a lot of talk about returning to the draft. A lot of it—almost paradoxically, the talk of return to the draft is coming at exactly the time that the services are doing their best job of recruiting and quality and quantity of people.

You are correct in saying that the retention and the recruitment is up. That the pay raises, coupled with the unemployment rate—we don't know what to attribute to who—but it's brought both an increase in quantity in recruits and an increase in quality.

Now, maybe there will be trouble in the future. You know, who knows? Things will change. The economic conditions will change. We have to recruit a higher percentage of the people of the proper age. So, maybe it will be in the future but right now, you're using that as an argument against going to something other than what we've got in existence now in the way of education benefits.

The real crux of the argument for a return to the draft and the real crux of the argument that we're missing out dealing with here is this problem about the middle class and the military.

You know, the argument is being made with some justification that the middle class is abandoning the services. And yes, you can get higher category, more categories I's or III's and yes, you can get more high school graduates but the middle class is just not going into the service. And it is not participating.

It affects the attitude of the country toward the service. It affects the conditions within the service itself. Conditions which, I think, would be better. You would rather have a more, bigger cross-section of American youth joining the services.

The argument behind the draft is that. And I think there's a lot of arguments against returning to the draft. But one of the ways of avoiding the draft was to link this service with educational benefits. And I think we're missing the chance here. We're missing the chance.

If the administration would come in with a bill which would say, we're going to collapse all student loans and all educational programs and link it to service to the country in order to get it. I think that would be a dynamite—politically dynamite thing to be out there with right now.

I mean, if the mood is right that says, look, if the Government is going to help provide educational benefits, the person ought to provide some kind of service to the country.

And whether you want to link it just with military service or you also want to link it with some other kind of service, VISTA/Peace Corps type of service, you know. But the possibility is there to go with the much broader thing than we're talking about here. To get beyond this issue of whether we're talking about how many high school graduates are joining. How many category IV's are joining. And go to the core question which is raised by the proponents of the draft, which is the question of service to the country.

Now, I don't think we ought to go to a draft or to national service. I don't know what we do with them all and I think we have a lot of problems with it. But clearly, you could go the step that says that anybody who is getting some educational benefit thanks to Uncle Sam, ought to be required to provide some service. And that would be military service.

We've got a chance here. And the reason we've got a chance is because Ronald Reagan is cutting all the other programs. You couldn't get the universities to be interested in this before because, oh, horrors, you know, education, military service, you know. It's very different.

But now, there's—the pressure is on to cut the other stuff. And to get rid of that. Well, I mean, I think you've got a very different climate now to come in with this thing.

So, I understand what you're saying and I know that the studies show that ultra-VEAP, dollar for dollar is the most effective thing there is. You're right about that.

You're also right that the services ought to pay for this. You ought to have it in the DOD budget, when you're looking at this thing in this narrow focus.

But what I'm asking for and what I think we really ought to do is look at it broadly. We ought to look at all educational benefits. And we ought to look at linking them with service and the purpose is to somehow get the middle class back into the idea of serving the country.

Dr. Korb. I think your point is well taken and in my statement, I said this is just for 1983. This is where we are now. But certainly, I think the administration will take a comprehensive look at the whole way in which we deal with higher education.

But in terms right now for fiscal year 1983, the year that's upon us, we were just not capable of doing that, I think, in an intelligent way that such a program has to be thought out.

Mr. Nichols. Mr. Jeffries.

Mr. Jeffries. Thank you, Mr. Chairman. It's good to have you here, sir.

I have some concerns and my concern, I think, has been mentioned a few times here, I think. But let me just go over it briefly.

I'm very concerned about the retention. Will the troops stay? Are they going to take off? I'm very concerned still about the quality of personnel coming in and as far as the backbone of the service, that's the NCO's, are we going to be able to keep those boys in? And keep on——

I agree with Chairman Montgomery. I'm somewhat concerned myself and not only concerned but a little confused, from what I hear, that there wasn't much objection to H.R. 1400, and I've heard your remarks on that.

But you know we go back to the Constitution and the main concern of the Government is to defend and protect the people and from what I hear going on, we've got ourselves in kind of a problem in being able to really do that.

And I'm very concerned about that and I believe rightfully so. I feel that those in the military, concerned with the military are definitely going to have to come forward on a program, a long-term program.

And present it so that the rest of us can understand it. Apparently better than we have been able to understand it. I might say.

As to how we're going to keep personnel. How we're going to get them. How we're going to keep them. How we're going to train them and how to make sure that they are ready to perform the tasks with which they are entrusted.

Now, I'm just going to ask you a question. What are we doing about the NCO's, the backbone, what I consider to be the backbone of our troops, and so forth? How are we going to keep them in there?

Dr. Korb. Congressman, the way we keep the NCO's and petty officers in, is to treat them like first-class citizens. And that's basically what this administration, led by President Reagan and Secretary Weinberger have been attempting to do. Together with Chairman Nichols and this committee, we provided a number of benefits which make them realize that they are first-class citizens.

And this turnaround in attitude, in which the President and the Secretary have taken the leadership, is changing people's attitude toward service in the military. These things have gone a long way toward making these people feel like first-class citizens and the statistics show it. And you cannot argue that we keep our NCO's and petty officers only because of the economic situation.

These people have skills which are in high demand in society today. And I think over the last year, year and a half, or 2 years, as the attitude of the Congress and the people in the administration toward military service has changed, we've seen a dramatic increase in the retention rate.

We're now retaining about 8 out of 10, 80 percent of our career people. That's as high as it has ever been. Reenlistment rates are about one out of two. This has nothing to do with educational benefits. Educational benefits primarily are, as has been indicated, to get people into the service.

In fact, retention suffers with an educational benefit, because you give the person an incentive to get out of the service by providing him with this opportunity to go to school.

So, retention is a different subject and we made that a high priority. And we're talking about funding—getting rid of the backlog. When we came into office, we had a worldwide backlog of maintenance and construction that ran to $50 billion. If you've been and seen, you know, the living conditions in Germany, for example. Some of the living conditions on board ships. Living conditions in places like Okinawa.

These things were terrible. They were a disgrace. Even in our own country, we were asking people to live in squalor. And we've developed a plan to eliminate, get rid of half of that backlog in 5 years and get rid of it totally in 10 years.

Those are the things——

Mr. **Jeffries**. You're saying in other words—you're trying to put some incentive for people to go in the service?

Dr. **Korb**. That's right, to treat them like first-class citizens. And that is the key to doing it. And together with the Congress and particularly with this committee, we embarked on a program to do that and the results are already beginning to show up.

Mr. **Jeffries**. I didn't come up here to talk about soap commercials or any of that. I think we got a lot of soap commercials and everything that we look at and I don't think it's washing too clean anyway.

But, I am very much concerned about that and I think all members of this panel that you see up here are very, very concerned about retention. And I think it's going to be up to you all to definitely come forward with a long-term program that we can all understand.

So, that we could work together on it. We're not going to do any good butting heads all the time. We've got to work in cooperation and that's what I'd like to see. A little more cooperation going on rather than confrontation.

I thank you.

Mr. **Nichols**. Mr. Secretary, it's pretty evident from the discussion here this morning and the very minimum degree of confidence in the—not in you, Mr. Secretary, please sir, but in the VEAP program. It's been expressed time and time again.

I don't know if you want to respond to the questions I'm fixing to ask you because it relates to the meeting that you had yesterday with the task force and if that's privileged, you say so.

But I'm just wondering in the discussion, Mr. Carlucci, is the first man to my knowledge, that said this is mine. Everybody says it's mine but you're going to have to pay for it.

It's going to have to be amortized. Do you have any figures that were given to the Navy or to the Air Force or to the Army as to what this might cost them in the 1983 budget, if they decided to do it?

Dr. KORB. The figures were not given to them because we asked the services. This was not done at the Manpower Task Force. This was in the Department. We asked the services. We asked them, what is it you need? Each of the services, and this is one of the problems, has different needs. Do you want first year benefits? Do you want second year benefits? Do you want transferability? Do you want to extend it to enlisted as well as officers?

We developed, with our comptroller, an accounting basis for it so they could develop the cost.

We did not give them a cost because it would differ according to exactly what features of the bill they would like.

Mr. NICHOLS. If I might go back again to your meeting yesterday.

I'm just wondering if you could divulge to the committee, if there was any expression by the various service secretaries in support of the GI bill? Did any of the service secretaries indicate that they would like to go it alone, so to speak? Might have an interest in that?

Dr. KORB. Mr. Chairman, I don't think I could really comment on that right now.

Mr. NICHOLS. I understand. I understand your response, Mr. Secretary.

Then, let me ask you this. In the event that when all of this settles and we determine what we are going to do or not going to do about a GI bill this year, supposing that the committee, in its wisdom or lack of wisdom, elected to come up with some type of a GI bill which was permissive by services? How would you look at such legislation?

Dr. KORB. Mr. Chairman, do you mean that they could use it if they wanted?

Mr. NICHOLS. That's right.

Dr. KORB. They would have to take——

Mr. NICHOLS. That's right. It would be a permissive bill. If the Army decided they wanted to use it, for their recruiting, if they could fund their end of it, they could run it. If the Navy didn't want it, the Air Force didn't want it they wouldn't use it. I'm not saying we would do that. I'm just saying how would you look at such a proposal?

Dr. KORB. In principle, I think that we would support that.

Mr. NICHOLS. Mr. Edgar.

Mr. EDGAR. Thank you, Mr. Chairman.

Again, I have a number of questions. I was struck that in our hearings a year ago, Prof. Charles C. Moskos, of the Department of Sociology at Northwestern University, made the following statement, quoting from a recent edition of the Public Interest. He said the following:

> Youth surveys show that pay motives motivates less qualified youth. For example high school dropouts and graduates with poor grades to join the Armed Services but has a negligible effect on college bound youth. Any policy based on increases in pay, to the lower enlisted will only aggravate the present trend to recruit at the margin.

He went on to testify of the great value that he found in testing nationally that education incentives had in terms of the kinds of quality people that you get in the service. Would you agree or disagree with Mr. Moskos' statement?

Dr. **Korb**. I think there are a couple of things that you should keep in mind.

The Congress has established quality controls on people that we bring in. For example, the Congress for fiscal year 1982, says that no service can have more than 25 percent AFQT category IV's.

We can have no category V's. In World War II, we had 1.2 million people who were category V's in the military, who could now no longer be in. We're limited to category IV's. There are also service constraints on the number of nonhigh school graduates that we can take in.

So, even if that were the case, which I don't agree with, the problem, in a sense, becomes a moot one because of what Congress in its wisdom has done.

The second thing is that last year when Congress gave raises to military people, we gave the lowest figure to the E-1's through E-3's—10 percent as opposed to about 17 percent for the higher grades. The pay level was not given to the first term people.

I'm quite familiar with Professor Moskos' work. I've known him and worked with him for years. I've yet to see the data that supports his conclusion. That's an intuitive conclusion. He's quoting an article in Public Interest, but we don't see the data on that.

The third thing I would say is military pay was allowed to fall behind what it should be. So, it wasn't a question of giving people a windfall. It was restoring the levels to where they should be so they could live decently. We're not talking about making people rich. We're talking about paying them an equitable wage.

Mr. **Edgar**. One of the things we discovered in our hearings, particularly our field hearings, at a Navy base and an Army base, was the question of the difference between pay incentives and pay used as bonuses the possibility of using educational bonuses as an incentive.

I was very interested in this issue because in the original bill introduced by our chairman, Sonny Montgomery, we had a major provision to use educational kickers to provide for certain more generous benefits for selected personnel.

I came across this young military officer who, I think, made a very important point. Let me just lay it out for you and get your reaction.

He pointed out that there are two people who enter the service the same day. One decides to go into computer technology and the other decides to provide the electrical wiring and circuitry and radar services to provide for that computer technology.

One individual works inside from 9 to 5 every day. The other individual works on shift work outside, climbing poles, putting up the support facilities.

The Secretary decides at some point that it's to the Secretary's advantage to keep and retain that inside person on the computers because they have the intellectual skills. But he decides that the guy on the outside, who's been out in all kinds of weather climbing the poles and has a more technical responsibility, while it's a useful position, it's not quite as important.

And so, he decides to give kicker educational benefit or more generous benefits to the guy inside working the computer than the guy climbing poles.

Both stay in the same dormitory facility or the same housing unit. Both have an opportunity to share comments with each other. This particular individual said that the resentment that would build up, given the fact that both entered the same time. Both received pay as an area where you could make adjustments. But education, much like health care and other particular benefits, is a benefit that should accrue to everyone.

That brings me to the statement at page 5 of your testimony which talks about offering a more targeted program for more generous benefits. I wonder whether or not you agree with that young GI who was struggling to try to get equality in terms of the benefits and inequality, if any, in terms of targeted pay bonuses.

Dr. KORB. Let me make a couple comments about that. Because that is a very key question and it gets to the heart of the whole military pay and benefit system.

Our proposal here for educational benefits, is trying to take care of the guy on the outside. What we're targeting it toward is the combat arms which have no skill match on the outside. And the individual who comes in bears most of the hardships of military service and because of the fact he doesn't have a skill on the outside, he's not eligible for reenlistment bonuses in as large an amount as the person working inside who is a computer programer or some sort of technician. And that's one of the reasons why we want to use educational benefits, because we have the most difficult time in getting people into combat skills because the bear the risk. It's tougher duty and they don't have a transferable skill.

The military does that in its reenlistment bonuses, primarily. Right now, the selective reenlistment bonuses go to the people with the skills and demand on the outside——

Mr. EDGAR. But they're pay bonuses, aren't they?

Dr. KORB. They're money.

Mr. EDGAR. Yes. The point that we're making, though, is that that's a legitimate area to give bonuses—that's in the area of salary and pay incentive. But this particular gentleman was suggesting was that traditionally under the old GI bills, education is looked upon as a benefit that accrues for years of service. It doesn't make sense to think of benefits in the same way, either in your recruitment incentives or whatever, is to specialize those retention incentives and say, OK, because you're a critical skill, we'll give you an added education benefit.

That's what I'm trying to get at.

Dr. KORB. Think that's a very key point. We have to ask ourselves, what are we talking about here? Previously, educational benefits existed under other conditions—they were always enacted during wartime. People obviously bore greater risks then.

They were always enacted in a period of conscription. When we brought people in, forced them in for short periods of time with low pay, because it was felt that you owed 2 years of service to your country and the pay level to people in the first 2 years therefore, was automatically depressed.

We no longer have that situation. I might also add that the GI bill, as it exists now and has existed, has never been completely fair. The more dependents you have, the more benefits you get. And so, I don't think that we've ever had a completely equitable situation.

And when you say the Secretary decides, it's not the Secretary who decides. It's the market that decides, particularly in terms of reenlistment bonuses. For example, this year we have to increase the reenlistment bonus for air controllers because the situation might have tempted our people to go out. It had nothing to do with conditions of service, or risk or anything. It was basically something that happened in the marketplace.

Mr. **Edgar**. Mr. Chairman, I have additional questions but I'll yield back for others to have their questions.

Mr. **Nichols**. The Chair is going to recognize Mr. Hunter out of order.

Mr. **Hunter**. Thank you, Mr. Chairman.

I just have one brief question for you. I think that one thing that we have gained today is an agreement from you, according to your testimony and your report, that you believe that it is important that we extend this December 31, 1989, cutoff date of the GI bill that exists for Vietnam-era people.

And I noticed, I think I've asked you at earlier hearings, to try to give us what percentage of personnel are leaving because they feel that they have to get their education completed before that date and I see in your report you've got 41 percent.

Have you made an estimate of how many dollars in training investment we're losing through this hemorrhage of senior personnel who are leaving because they feel they have to get under the wire for that cutoff date?

Dr. **Korb**. I would say that we can give you that estimate. We haven't lost anybody yet, specifically, for that, because as long as they're out, if you will, by 1985, they can get under the wire for the benefits.

Mr. **Hunter**. Yes, but people are leaving. People are leaving right now with this.

Dr. **Korb**. People are not staying. As I indicated in my statement that's one of the reasons that they're leaving. What we're going to do now, as I mentioned to you the other morning, is to follow up and find out how many of those people that say that, actually do go to college.

Mr. **Hunter**. OK.

Dr. **Korb**. But I would think that people for whom that was their primary concern—we'd have until 1985. And as I traveled around the fleet and air bases and military posts, I've told people that we would be coming in to extend that, for them not to worry and to relax, we would present this extension to the Congress.

Mr. **Hunter**. How would that be funded, Mr. Korb?

Dr. **Korb**. That's the question. It's important enough to us that we would fund it ourselves if we have to. Right now we're working with the administration to decide how to fund it.

Mr. **Hunter**. So, you would fund it out of DOD funds?

Dr. **Korb**. It's important enough, yes. We would do that.

Mr. **Hunter**. Thank you very much. Thank you, Mr. Chairman.

Mr. **Nichols**. Chairman Montgomery.

Mr. **Montgomery**. Thank you, Mr. Chairman. You know, the GI education bill has been a total success. Just the number of people everywhere you go will say, well, it helped me out when I came back from the service. And it really gave me an opportunity to get started in some endeavor in my life and actually, the GI bill is the biggest educational program that we have in the Federal Government.

We have over—almost a million people today are participating in the Vietnam-era GI bill. It's a cost to the Veterans' Administration of $1.8 billion. So it's costly, but it works.

I guess that's why we're so concerned here today. Something that's been working. Something so important to you, that we're glad to get it on the record that you would consider paying the extension from 1989 of the GI education bill.

Of course, the Veterans' Administration has administered these programs well and would like to continue to administer this type of program.

Mr. Edgar touched on a subject of the recruits that you're getting in now. This subcommittee brought in some high school counselors from the Washington, D.C. area, from Virginia, and the Maryland suburbs, and we asked those kind of young men and women are coming into the service under the all-volunteer system.

They are very frank with us. They say you're not really getting the better students, the leader students. You're not really getting the middle class. And we didn't push them. They knew why we were having these hearings. But they did say that to attract the better students, you have to have some type of education incentive that was attractive to them.

So, you ought to touch on that, Mr. Secretary. You're giving us figures right now. But we know 2 years from now your manpower pool will be drying up and we hope the economy will be better. It looks like to me this would be an excellent incentive to attract young men into the service, and women.

Dr. **Korb**. Congressman, I think we both agree on that. And I'm not here today to object to this particular proposal. What I'm here to say is that with the programs we have now which include not only VEAP, but as I mentioned before, inservice education and the servicemen's opportunity for college.

We have a number of educational programs we're now spending money on so that the additional cost right now, the services agree, is not worth what they need.

I think when you take a look at the assertion that we're not getting high quality people, I refer you to the fact that we just went out and completed a test of the population at large. We gave them AFQT tests and we found that we are representative. That overall, the people we get score higher than the national sample.

And we're matching our enlisted people against the national sample, 40 percent of whom go to college. If we throw in our officers—we're about one out of every six people that we take in—our scores are even better.

Now, could it be better? Certainly, it could. We don't deny that. But I think that——

Mr. **Montgomery**. The figures that I saw, the way they were written up by one of the wire services stated that you weren't doing too well in the Army but that the test scores in the other branches of the service pull the Army up. And, God bless the Army, but all the problems start in the Army. My other point, Mr. Secretary, is that the way we got involved in transferability is that Mr. Edgar and others went out into the field talking to officers and enlisted personnel and this bill does go to officers, also.

We talked to some aviators and pilots and it cost us over $750,000 to train a skilled pilot and he eventually ends up with the airlines. It might be that the transferability might keep that aviator or flyer from going into the commercial airlines service if he knew that he could transfer these education benefits to one of his children. I think you're overlooking that phase. If we could keep 100 military aviators in the service a year, it would almost pay for this bill.

Dr. **Korb**. Again, with all due respect, Congressman. I would submit that the aviation continuation bonus would have more of an impact to keep that person in at the 5- to 6-year point, which is where you would lose them if you do. Or the increase in ACIP, the——

Mr. **Montgomery**. Is that transferability, that aviation continuation?

Dr. **Korb**. No, sir. What I'm talking about is the person gets the bonus right now. And some naval aviators got $20,000 last year, which dramatically improved the retention rates of the aviators.

And when the Air Force increased its ACIP pay, their retention improved also.

Mr. **Montgomery**. You're just not going to be able to continue to throw money at your problems, which is what you're basically doing. Eventually, it's going to dry up and you're going to have to look at some other incentives.

Dr. **Korb**. I think if you take a look at the cost of the current GI bill right now. You're talking about a program that's about the same cost to the taxpayer as the aviation continuation bonus. The cost of fully funded GI bill right now is somewhere between $15,000 and $20,000, per member and we're talking about bonuses which were right about in that range.

Mr. **Nichols**. Chairman Edgar, do you have further questions?

Mr. **Edgar**. Yes, Mr. Chairman.

Let me just follow up on that question. Are you saying at the 6-year level, you give a $20,000 bonus to some aviators?

Dr. **Korb**. That's correct. The Navy paid bonuses of that last year.

Chairman **Edgar**. How much bonus will they need in the 9th year?

Dr. **Korb**. Not very much. Because once you get close to the 10th year, then you have the pull of military retirement. The law that Congress passed is the decreasing scale, that the highest bonus is at the 5- to 6-year level.

Mr. **Edgar**. That must have been a good answer to bring that much light on the subject.

Let me draw your attention to page 5 again. I mentioned the top of page 5 on the selected personnel issues. I really think that paragraph 3 of page 5 ought to have been deleted by or changed drastically in your preparation.

You have two sentences there that contradict each other. Your first statement says the test provided no consistent evidence that retention rates would be improved through the features of either transferability or cash out.

Then you say in the second sentence that the test design, time and the budget constraints did not allow a definitive conclusion in this area. It sounds like, from sentence one, that you do make a definitive conclusion and from sentence 2, you say you didn't have any way of really testing that.

Then, at the bottom of that page 5, which happens to draw my attention. You have another sentence which is a little bit startling out of context.

You say, the estimated annual cost of some proposed programs exceeds $2 billion. You don't go on to explain whether that's this year, next year, the following year, 10 years from now, 1994, 1995, 1998. I think if you're going to use the cost argument in your statement to defend why it's not a good idea this year, you ought to be a little more careful in the cost analysis. You ought to subtract from whatever cost in the up-front years, the cost of the present VEAP and Ultra-VEAP programs.

You ought to factor in what kind of training in savings we might, in fact, make. We may disagree on whether it would work or not to give an incentive for retention for the person that in the first 3 years you've trained to do a specific skill and rather than washing that person out, you say, hey, give us 3 more years. Don't force us to go in the open market and find a new person to train, to spend the training costs. We'll congratulate you on that by giving you a dollar amount for your education that probably is closer to the actual dollar amount that it would cost an individual to go to school.

Although not to some of the schools that have a very high tuition. But the $600 incentive for 6 years of service is a retention tool that we hope might work in that retention area.

We think that there can be some savings of training there. But the $2 billion that you have in your statement does not reflect the realities of what costs are involved.

Let me ask you a specific question.

Dr. **Korb**. Can I comment on those two things? Or do you want to go on?

Mr. **Edgar**. Go ahead.

Dr. **Korb**. It's obvious that second-term benefits would keep some people in but then it would also drive some people out. Our estimate is that H.R. 1400, would increase the accession requirements by about 10 percent.

That is not factored in here. We could have added that in which I think would have made the cost higher. As you know there are about 14 proposals before the Congress. Some go as high as $5 billion. We took the lower range. When talking about that and we said estimated annual cost, We didn't say total cost. I thought we were clear on that.

The other thing we were trying to point out on the two paragraphs above, was that there was no evidence that transferability worked. But we did want to say what it has showed so far. But we are not as confident in that conclusion as we were in some of the other conclusions that came out.

But remember again, this was something that Congress told us to do, provided us the funds for and gave us the time constraint. And we were trying to say that given the time and money, we can't be as confident of that as we are in the other provisions.

Mr. EDGAR. Well, our testing out in the field on the transferability provisions are far different than the data that you've provided here. An awful lot of middle-level NCO's and an awful lot of people that we talked to all felt that there was an incentive to provide educational transferability. One of the reasons some of those persons leave the service is to provide for adequate education of their younger children.

Let me ask one further question.

We're going to commit ourself to $1.5 or $1.6 trillion over 5 years of defense expenditure. The joint chiefs of staff and others have talked about the fact that that may not be enough. That we may be looking at an additional figure of $750 billion which startled a lot of people.

But let's just use the $1.5 or $1.6 trillion over 5 years of commitment to defense. A good number of those dollars are committed to personnel increases that you talked about. A good number of those dollars are committed to new systems, MX missiles, B-1 bombers, neutron bombs. Very sophisticated, highly usable kinds of things in war scenarios.

Let's just look at the M-1 tank for a moment. Kind of an interesting tank in that it can provide some mobility and it's very highly sophisticated, nice computerized design.

I have this fantasy of the M-1 tank sitting on a sandy field with sand in the computer or in the mechanism in some way, having the thing stopped in need of quick service and quick repair. In a battlefield scenario.

And the average GI, running alongside of it, or jumping out of it and lifting the hood and looking under the hood and seeing miles and miles of wires and all kinds of different systems in that tank. And just getting befuddled as to his or her ability to fix that piece of equipment.

And I wonder whether or not there isn't a balance that we need between our interest in buying an M-1 tank or its follow-on improved tank components and the personnel and the intelligence of the personnel who have to man that sophisticated equipment.

I wonder if you would have done the same thing to the Air Force on the MX and said to them, listen if you guys want an MX missile system, we'll have it. But you've got to figure out a way to pay for it out of the rest of your budget. Or in terms of the B-1 bomber. If you want a B-1 bomber, you can have it. But you got to pay for it out of your existing budget. Or if you want M-1 tanks in the Army, in the Marines, you can have them but you got to take it out of your existing budget.

And I just have a sense, an intuitive sense, from our hearings last year and from our people on testimony. That the military uniformed officers that are sitting behind you, and a whole host of military recruiters, military officers of the Pentagon, military officers out in the field see that there is a need for a balance between an increase in technology and an increase in the quality of people, who, in fact, can handle that equipment.

And I get a sense that they think there ought to be a balance between education and personnel cost. Not one uniformed officer that I talked to in the last year has told our committee that they do not want a new GI bill.

I can't think of any one of the services, in fact, I have quotes that I could make here from all kinds of people, General Meyer and others talking about the value of the GI bill.

I think what you've come to us and said, is because they were asked to evaluate a new GI bill and pay for it out of their existing funds, and have to make some concessions on their equipment needs and the infrastructure needs you talked about, they're backing off at this point.

But I would bet, that every one of those military uniformed officers, feel a strong nudge in the direction of providing adequate educational benefits at this time, not a year from now.

You're here testfying in March of 1982. We have the same testimony from your predecessor a year ago that says, "let me assure this committee that the Department of Defense is committed to the development and implementation of an effective education incentive program for military personnel. Both President Reagan and Secretary Weinberger have made this commitment publicly but we remain convinced that the information we will gain from the present education incentive test mandated by Congress is essential in designing an effective program and so let's hold off and talk about it next year."

Next year, we're going to have $100 billion of deficit. The following year, we're going to have $100 billion of deficit. The following year, we're still going to be committed to $1.5 trillion of defense expenditure. The following year we may have lower unemployment rates, if the Reagan economic package does in fact, work.

We're not going to have the economic pressure. And we may not even have the same educational loans and BEOG grant reductions that are part of some of the pressures to cause people to go in.

While we have a temporary meeting of our quotas and our needs from your vantage point, I wonder whether or not we're being shortsighted in not recognizing the value of the wartime benefit that now we would like to extend as an ongoing benefit. In the words of Les Aspin and others, we should use this opportunity wisely to protect ourselves from the need and necessity to move towards a draft rather than continuing an all volunteer military.

I apologize for laying that out like that but I know the pressures to move on in this hearing and I just wanted you to know some of my concerns and feelings wrapped up in that statement.

Mr. NICHOLS. Mr. Montgomery.

Mr. MONTGOMERY. Thank you, Mr. Chairman.

Mr. Chairman and Mr. Secretary, I'll make this my last question. I'm not really being facetious but it's kind of the way it worked out. I think your study the Congress authorized at about $75 million was to develop some educational test programs and then make recommendations to the Congress. About $75 million? Is that correct?

Dr. **Korb**. Yes, sir.

Mr. **Montgomery**. I point out to the Secretary that the Defense Department opposed the educational benefit for the Selected Reserve. But this subcommittee last year offered an amendment to increase from $2,000 to $4,000 the educational benefit which is, in effect, the GI education bill.

You did oppose it. But now the Reserve officers, who run the Reserve programs, testified yesterday before this subcommittee that it's one of the most successful things that's happened. The Army has increased—on the educational benefits—those signing up by over 3,000 percent, and all we did was raise it from $2,000 to $4,000. Basically the program that goes to the reservists is a GI education bill.

They don't have to match any funds or put up any funds as individuals. And it's worked well.

So, we're not all wrong in this subcommittee.

Dr. **Korb**. No, sir. That's why we support that bill.

Mr. **Montgomery**. But you didn't the year before. You opposed our raising the benefit from $2,000 to $4,000 but the Congress, in its wisdom, kept that figure in.

Dr. **Korb**. I think that program, though, that's for critical skills, Congressman.

I think that's the key thing. That benefit is for people in the critical skill areas, and is not available to everyone who comes into the Select Reserve.

Mr. **Montgomery**. That's great. I mean, if it attracts them. What we need is these skills. And if we can get them in there by offering them $4,000——

Dr. **Korb**. That's what the——

Mr. **Montgomery**. $4,000 over the long period of time. Six years they have to sign up.

Dr. **Korb**. And that's what we feel Ultra-VEAP is doing for the critical skills that we need right now in the Army.

Mr. **Montgomery**. Well, it costs a lot more money. Mr. Chairman, I will offer an amendment to H.R. 1400 for the reservists who are graduates, who agree to serve 6 years in the reserve and national guard, and they would be entitled to $140 a month for a maximum of 36 months. This would include both officers and enlisted men. They would not be able to draw these benefits until after they had completed 180 days of service. This would be a maximum assistance of $5,040. We pay it—it would be fiscal year 1983. But it makes a lot of sense and, as you know, the Congress is leaning toward putting more missions and more equipment to the national guard and reserve and this is certainly a way to—a vehicle of H.R. 1400 to do this.

Thank you very much.

Dr. **Korb**. If I might add, Mr. Chairman. We pay for this particular program, the Selected Reserve program. And this is the point that I've been trying to make this morning. That we'd be very happy to pay for it when it's cost-effective.

Mr. **Montgomery**. Well, I don't have any problems with that. You're talking about a little less than $9 million, which in the Defense budget is not a lot of money. You know, I don't think we're too far apart, you're willing to pay for a lot of things—the Veterans' Administration will be glad to hear that and we can work out something, Mr. Chairman.

Thank you.

Mr. NICHOLS. Thank you, gentlemen.

Does staff have any questions?

Thank you, Mr. Secretary. We appreciate your coming before the committee and we understand the difficult job you have to do and appreciate your presence here this morning.

HOUSE OF REPRESENTATIVES,
Washington, D.C., March 17, 1982.

Hon. BILL NICHOLS,
Chairman, Subcommittee on Military Personnel and Compensation,
Washington, D.C.

DEAR MR. CHAIRMAN: I have introduced a bill this past year, H.R. 2579, together with Senator Armstrong (S. 25), that provides for a new G.I. Educational Assistance Program. I realize that over the course of the next few weeks your subcommittee will be marking up its own G.I. Bill. I am truly grateful that you are holding these hearings and I support your efforts 100 percent.

Your staff has informed a member of my staff that I may submit a statement for the record of the hearings. I greatly appreciate this opportunity, and have enclosed a statement in this regard.

With kindest regards, I am
Sincerely,

CHARLES E. BENNETT.

Enclosure.

WRITTEN STATEMENT OF HON. CHARLES E. BENNETT, A REPRESENTATIVE FROM FLORIDA

Thank you for giving me the opportunity to present this testimony. I am grateful that your distinguished subcommittee has been holding these hearings.

I have joined with Senator Armstrong in sponsoring H.R. 2579 (S. 25 in the Senate), a G.I. education bill that I feel to be greatly needed. I am convinced that enactment of a new G.I. Bill is one of the most important, and least expensive, steps that Congress can take to strengthen our national defense.

Thanks to the recession and the recent pay raise, the Armed Forces have not experienced this past year the recruiting shortfalls that plagued them in the two previous years. However, if we are to obtain and retain the quantity and quality of enlistments that we require over the long run, additional legislation is needed.

Inadequate aptitude among entrants into the Armed Forces paces a severe financial burden on our Armed Forces. Soldiers with a low aptitude generally take a longer time and require greater resources to train, and they retain their training for a shorter period of time. Non-high school graduates are twice as likely as high school graduates to be administratively discharged from the Armed Forces prior to the expiration of their obligation. Attrition rates in the Army are approaching 40 percent. Each soldier who attrits costs the government about $10,000. This is too costly.

Low aptitude levels of recruits can call into serious question the ability of soldiers to perform their military missions. U.S. soldiers came in last among all NATO nations in the 1980 reforger exercise. Failure rates on the Army's Skill Qualification Tests are disturbingly high; 86 percent of artillery crewmen tested in fiscal year 1979 failed to pass; 89 percent of tracked vehicle mechanics failed; 90 percent of nuclear weapons maintenance specialists; and 98 percent of tank turret and artillery repairmen. Hopefully, things are now improving, but the improvement needs to be stepped up.

Many members believe that the only way to improve recruit aptitude substantially is to return to the draft. That may be so. But the evidence suggests that the proximate cause in the decline of recruit aptitude was not the termination of the draft, but the termination of eligibility for G.I. Bill education benefits.

The promotion of Army recruits in the top two mental categories was about the same in 1976, the year eligibility for the G.I. Bill ended (30 percent), as it had been in 1972, the year the draft ended (32.4 percent). But since then, volunteers in the highest mental category plunged by two thirds, and volunteers in the second-highest category dropped by more than half.

The Army had warned Congress what would happen. In September of 1974, the Army conducted a survey of 11,336 recruits at Armed Forces Entrance Examining Stations throughout the United States, and 24 percent stated flatly that they would not have enlisted if there had been no G.I. Bill. An additional 36 percent said that they were not sure whether they would have enlisted if they had not been made eligible for education benefits.

After factoring out the indifferents, the Army concluded that termination of the G.I. Bill could depress the pool of potential recruits by as much as 36.7 percent—and all right off the top.

The drawing power of the G.I. Bill was amply demonstrated in the three months prior to its termination. On October 20, 1976, the Armed Forces announced that the G.I. Bill would not apply to those enlisting after December 31. Nearly 100,000 people joined the uniformed services during that period—approximately double the normal first-term enlistment for the fourth quarter of the year.

It seems clear, Mr. Chairman, that the most effective step we can take to improve recruit quality is to re-instate the G.I. Bill education benefits. Indeed, this might be the most cost-effective step also.

One of the greatest advantages of the G.I. Bill as a partial solution to military manpower problems is that it will cost nothing for the first two fiscal years, very little in the third and fourth fiscal years, and would not reach its full costs until the sixth or seventh fiscal years after enactment. This would give us breathing room to put our financial house in order.

Meanwhile, the Armed Forces would be realizing substantial savings. The young men and women enticed into the Armed Forces by a new G.I. Bill would be easier to train, would present fewer discriplinary problems, and would be far less likely to attrit prior to the completion of their obligated service.

It is important that a G.I. Bill also have in it the ability of the serviceman to transfer his right to his wife or children because otherwise retention may be discouraged even though original enlistment is encouraged. Retention is extremely important, as we all know, as it saves dollars spent in training.

I want to thank you again for giving me the opportunity to present this testimony.

97TH CONGRESS
1ST SESSION

H. R. 2579

To amend title 38, United States Code, to provide a new educational assistance program for persons who enlist, reenlist, or otherwise enter into the Armed Forces after December 31, 1980, and to provide a career serviceperson's educational assistance program for members of the Armed Forces, and to amend title 10, United States Code, to authorize an educational leave of absence for members of the Armed Forces.

IN THE HOUSE OF REPRESENTATIVES

MARCH 18, 1981

Mr. BENNETT introduced the following bill; which was referred jointly to the Committees on Armed Services and Veterans' Affairs

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A BILL

To amend title 38, United States Code, to provide a new educational assistance program for persons who enlist, reenlist, or otherwise enter into the Armed Forces after December 31, 1980, and to provide a career serviceperson's educational assistance program for members of the Armed Forces, and to amend title 10, United States Code, to authorize an educational leave of absence for members of the Armed Forces.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Education Assistance Act of 1981".

TITLE I—NEW GI EDUCATION PROGRAM

SEC. 101. (a) Title 38, United States Code, is amended by inserting at the beginning of part III the following new chapters:

"CHAPTER 29—PEACETIME VETERANS' EDUCATIONAL ASSISTANCE PROGRAM

"Sec.
"1401. Definitions.
"1402. Eligibility; entitlement.
"1403. Time limitations for completing a program of education.
"1404. Educational assistance; subsistence allowance.
"1405. Program requirements.
"1406. Extension of program to members of the Selected Reserve of the Ready Reserve.
"1407. Budget function.

"§ 1401. Definitions

"For the purposes of this chapter—

"(1)(A) The term 'eligible veteran' means any person who (i) entered the Armed Forces after December 31, 1980, served on active duty for a period of two years or more after such date, and was discharged or released therefrom under honorable conditions, or (ii) entered the Armed Forces after December 31, 1980, and was discharged or released therefrom under honorable conditions after such date for hardship reasons, for the good of the service, or for a service-connected disability.

"(B) The requirement of discharge or release, prescribed in subparagraph (A), shall be waived in the case of any person who has completed such person's period of obligated active duty (which began after December 31, 1980) and who performed such duty under honorable conditions, as determined by the Secretary concerned.

"(C) For the purposes of subparagraphs (A) and (B), the term 'active duty' does not include any period during which an individual (i) was assigned full time by the Armed Forces to a civilian institution for a course of education which was substantially the same as established courses offered to civilians, (ii) served as a cadet or midshipman at one of the service academies, or (iii) served under the provisions of section 511(d) of title 10 pursuant to an enlistment in the Army National Guard or the Air National Guard, or as a Reserve for service in the Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps Reserve, or Coast Guard Reserve.

"(2) The terms 'program of education' and 'educational institution' shall have the same meaning ascribed to them in subsections (b) and (c), respectively, of section 1652 of this title.

"§ 1402. Eligibility; entitlement

"(a)(1) Except as otherwise provided in this section, each eligible veteran shall be entitled to educational assistance under this chapter for a period of twenty-seven months (or the equivalent thereof in part-time educational assistance) for the first twenty-four months of such veteran's service on active duty after December 31, 1980, and one month of educational assistance (or the equivalent thereof in part-time educational assistance) for each month of active duty served after the first twenty-four months, except that no person may earn more than thirty-six months of educational assistance under this chapter. Except as provided in paragraph (2), no person may become entitled to any educational benefits under this chapter unless such person has completed at least two years of active duty after December 31, 1980.

"(2) An eligible veteran who is honorably discharged, or who is otherwise released from active duty under honorable conditions, for hardship reasons, for the good of the service, or for a service-connected disability before the completion of twenty-four months of active duty shall be entitled to one month of educational assistance under this chapter for each month of active duty served.

"(3)(A) Except as provided in subparagraph (B) of this paragraph, no person may earn entitlement under this chapter for any period of active duty for which such person has received or is entitled to receive an initial enlistment bonus unless the initial enlistment was for a period of four years or more.

"(B) A person may earn entitlement under this chapter for a period of active duty performed under an initial enlistment of less than four years and for which an enlistment bonus was payable if such person (i) reenlists for a period of not less than two years and does not accept a reenlistment bonus, (ii) extends such person's initial enlistment for a period of not less than two years and does not accept a bonus for such extension, or (iii) reenlists or extends such person's initial enlistment for a period of not less than four years.

"(b) Whenever the period of entitlement under this section of an eligible veteran who is enrolled in an educational institution regularly operated on the quarter or semester system ends during a quarter or semester, such period shall be extended to the termination of such unexpired quarter or semester. In educational institutions not operated on the quarter or semester system, whenever the period of eligibility ends after a major portion of the course is completed such period shall be extended to the end of the course or for twelve weeks, whichever is the lesser period.

"(c) Eligible veterans under this chapter shall be eligible for education loans authorized by subchapter III of chapter 36 of this title in such amounts and on the same terms and conditions as provided in such subchapter, except that the term 'eligible veteran' as used in such subchapter shall be deemed to include 'eligible veteran' as defined in this chapter.

"(d) Except as provided in subsection (b) of this section and in subchapter V of chapter 34 of this title, no eligible veteran shall receive educational assistance under this chapter in excess of thirty-six months.

"§ 1403. Time limitations for completing a program of education

"(a) No educational assistance shall be afforded an eligible veteran under this chapter beyond the date ten years after the veteran's last discharge or release from active duty after December 31, 1980; except that, in the case of any eligible veteran who was prevented from initiating or completing such veteran's chosen program of education within such time period because of a physical or mental disability which was not the result of such veteran's own willful misconduct, such veteran shall, upon application made within one year after (1) the last date of the delimiting period otherwise applicable under this section, or (2) the termination of the period of such physical or mental disability, whichever is later, be granted an extension of the applicable delimiting period for such length of time as the Administrator determines, from the evidence, that such veteran was so prevented from initiating or completing such program of education. When an extension of the applicable delimiting period is granted a veteran under the preceding sentence, the delimiting period with respect to such veteran will again begin running on the first day following such veteran's recovery from such disability on which it is reasonably feasible, as determined in accordance with regulations which the Administrator shall prescribe, for such veteran to initiate or resume pursuit of a program of education with educational assistance under this chapter.

"(b) In the case of any eligible veteran who has been prevented, as determined by the Administrator, from completing a program of education under this chapter within the period prescribed by subsection (a), because the veteran had not met the nature of discharge requirements of this chapter before a change, correction, or modification of a discharge or dismissal made pursuant to section 1553 of title 10, the correction of the military records of the proper service department under section 1552 of title 10, or other corrective action by competent authority, then the ten-year delimiting period shall run from the date the veteran's discharge or dismissal was changed, corrected, or modified.

"(c) In the case of any eligible veteran (1) who became eligible for educational assistance under the provisions of this chapter, and (2) who, subsequent to the veteran's last discharge or release from active duty, was captured and held as a prisoner of war by a foreign government or power, there shall be excluded, in computing the veteran's ten-year period of eligibility for educational assistance, any period during which the veteran was so detained and any period immediately following the veteran's release from such detention during which the veteran was hospitalized at a military, civilian, or Veterans' Administration medical facility.

"§ 1404. Educational assistance; subsistence allowance

"(a) The Administrator shall pay, in the case of each eligible veteran pursuing a program of education under this chapter, an amount equal to 80 per centum of the cost of such veteran's tuition and fees or $3,000 per school year (or an appropriate portion thereof, as determined under regulations which the Administrator shall prescribe, in the case of an eligible veteran pursuing a program of education on a part-time basis), whichever is less.

"(b) The Administrator shall pay to each eligible veteran pursuing a program of education under this chapter on a full-time basis a subsistence allowance of $250 per month (or an appropriate portion thereof, as determined under regulations which the Administrator shall prescribe, in the case of an eligible veteran pursuing a program of education on a part-time basis), except that an eligible veteran pursuing a program of education while serving on active duty shall not be eligible for a subsistence allowance under this chapter.

"(c)(1) A veteran who enrolls in a program of education on less than a full-time basis may, for the purposes of this chapter, pursue such program on a three-quarter-time, half-time, or quarter-time basis.

"(2) A veteran shall be considered to be pursuing a program of education on a full-time, three-quarter-time, half-time, or quarter-time basis under this chapter at an educational institution if such veteran is considered to be a full-time, three-quarter-time, half-time, or quarter-time student, respectively, under the rules and regulations of such institution.

"§ 1405. Program requirements

"Except to the extent otherwise provided in this chapter, the provisions of sections 1670, 1671, 1673, 1674, 1677, 1681(c), 1683, and 1696 of this title and the provisions of chapter 36 of this title, with the exceptions of sections 1777, 1780(c), and 1787, shall be applicable to the educational assistance program provided for in this chapter.

"§ 1406. Extension of program to members of the Selected Reserve of the Ready Reserve

"(a) Under such regulations as the Administrator and the Secretary of Defense (hereinafter in this section referred to as the 'Secretary') shall jointly prescribe, the educational assistance program provided for in this chapter shall be made available to persons who enlist or reenlist in units of the Selected Reserve of the Ready Reserve of an Armed Force after December 31, 1980, or who otherwise initially enter, or extend their obligation in, a unit of the Selected Reserve of the Ready Reserve of an Armed Force after such date.

"(b) To be eligible for educational assistance under this section, a person must agree in writing to serve in the Selected Reserve of a reserve component for not less than six years after December 31, 1980, and to such other terms and conditions as may be prescribed in regulations referred to in subsection (a) of this section.

"(c) The provisions of this chapter applicable to the program provided for eligible veterans shall be applicable to the program provided under this section for members of the Selected Reserve of a reserve component, subject to such modifications as the Administrator and the Secretary consider necessary or appropriate to carry out an effective program.

"(d) A member of the Selected Reserve of a reserve component shall be entitled to educational assistance under this chapter for a period of one month (or the equivalent thereof in part-time educational assistance) for each four months the person serves in the Selected Reserve of a reserve component after December 31, 1980.

"(e) The Administrator and the Secretary shall provide in the regulations referred to in subsection (a) of this section the circumstances under which assistance may be terminated under this section and the circumstances under which a person may be required to refund educational assistance provided such person under this section.

"§ 1407. Budget function

"Appropriations and expenditures made to carry out this chapter shall be considered for budget purposes as appropriations and expenditures made for functions of the Department of Defense rather than functions of the Veterans' Administration.

"CHAPTER 30—CAREER SERVICEPERSON'S EDUCATION ASSISTANCE PROGRAM

"SUBCHAPTER I—DEFINITIONS

"Sec.
"1421. Definitions.

"SUBCHAPTER II—ELIGIBILITY; CONTRIBUTIONS; AND MATCHING FUND

"1431. Eligibility.
"1432. Contributions; matching fund.
"1433. Refunds of contributions upon disenrollment.
"1434. Death of participant.
"1435. Discharge or release under conditions which would bar the use of benefits.

"SUBCHAPTER III—ENTITLEMENT; DURATION

"1441. Entitlement; loan eligibility.
"1442. Transfer of benefits.
"1443. Duration; limitations.

"SUBCHAPTER IV—ADMINISTRATION

"1451. Requirements.
"1452. Reporting requirements.
"1453. Deposits; reports.
"1454. Budget function.

"SUBCHAPTER I—DEFINITIONS

"§ 1421. Definitions

"For the purposes of this chapter—

"(1)(A) The term 'eligible member' means any member of the Army, Navy, Air Force, or Marine Corps who has served on active duty under honorable conditions (as determined by the Secretary concerned) for a period of more than six years.

"(B) For the purposes of subparagraphs (A) and (B), the term 'active duty' does not include any period during which an individual (i) was assigned full time by the Armed Forces to a civilian institution for a course of education which was substantially the same as established courses offered to civilians, (ii) served as a cadet or midshipman at one of the service academies, or (iii) served under the provisions of section 511(d) of title 10 pursuant to an enlistment in the Army National Guard or the Air National Guard, or as a Reserve for service in the Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps Reserve, or Coast Guard Reserve.

"(2) The term 'program of education' shall have the same meaning ascribed to it in section 1652(b) of this title.

"(3) The term 'participant' is a person who is participating in the educational benefits program established under this chapter.

"(4) The term 'Secretary' means the Secretary of Defense.

"SUBCHAPTER II—ELIGIBILITY; CONTRIBUTIONS; AND MATCHING FUND

"§ 1431. Eligibility

"(a) Each person who is serving on active duty and who has completed six years of active duty shall have the right to enroll in the educational benefits program provided by this chapter (hereinafter in this chapter referred to as the 'program' except where the text indicates otherwise) at any time during such person's service on active duty.

"(b) If a participant disenrolls from the program, such participant forfeits any entitlement to benefits under the program except as provided in subsection (c) of this section. A participant who disenrolls from the program is eligible for a refund of such participant's contributions as provided in section 1433 of this title.

"(c) A participant who has disenrolled may be permitted to reenroll in the program under such conditions as shall be prescribed jointly by the Administrator and the Secretary.

"§ 1432. Contributions; matching fund

"(a)(1) Each person electing to participate in the program shall agree to have a monthly deduction made from such person's military pay. Such monthly deduction shall be in any amount not less than $25 nor more than $100 except that the amount must be divisible by twenty-five. Any such amount contributed by the participant or contributed by the

Secretary pursuant to subsection (c) of this section shall be deposited in a deposit fund account entitled the 'Career Servicepersons' Education Account' (hereinafter in this chapter referred to as the 'fund') to be established in the Treasury of the United States. Contributions made by the participant shall be limited to a maximum of $12,000.

"(2) A participant may change the amount of the monthly contribution to be withheld from the participant's pay upon such notice as the Secretary may prescribe by regulation.

"(3) A participant may elect not to make a contribution to the fund for any month or months, upon such notice as the Secretary may prescribe by regulation, without disenrolling in the program.

"(b) Except as otherwise provided in this chapter, twenty-four months after a monthly contribution is made by a participant under subsection (a) of this section the Secretary shall match such contribution at the rate of $2 for each $1 contributed by the participant.

"(c) The Secretary is authorized to contribute to the fund of any participant such amounts as the Secretary deems necessary or appropriate to encourage persons to remain in the Armed Forces. The Secretary is authorized to issue such rules and regulations as the Secretary deems necessary or appropriate to implement the provisions of this subsection.

"§ 1433. Refunds of contributions upon disenrollment

"(a) Contributions made to the program by a participant may be refunded only after the participant has disenrolled from the program or as provided in section 1435.

"(b) If a participant disenrolls from the program prior to discharge or release from active duty, such participant's contributions will be refunded on the date of the participant's discharge or release from active duty or within 60 days of receipt of notice by the Administrator of the participant's discharge or disenrollment, except that refunds may be made earlier in instances of hardship or other good reason as precribed in regulations issued jointly by the Administrator and the Secretary.

"(c) If a participant disenrolls from the program after discharge or release from active duty, the participant's contributions shall be refunded within sixty days of receipt of an application for a refund from the participant.

"§ 1434. Death of participant

"(a) In the event of the death of a participant who has no surviving spouse or children, the amount of such participant's unused contributions to the fund shall be paid to the participant's estate.

"(b) In the event of the death of a participant whose entitlement under this chapter was transferred to such participant's spouse or children before the death of such participant or whose entitlement is transferred to such participant's surviving spouse or children pursuant to section 1442(b) of this title upon the death of such participant and such spouse or children, as the case may be, elect not to utilize such entitlement for the purpose of pursuing a program of education, the amount of such participant's unused contributions to the fund shall be paid to the participant's estate.

"§ 1435. Discharge or release under conditions which would bar the use of benefits

"If a participant in the program is discharged or released from active duty under dishonorable conditions, such participant is automatically disenrolled and any contributions made by such participant shall be refunded to such participant on the date of such participant's discharge or release from active duty or within sixty days from receipt of notice by the Administrator of such discharge or release, whichever is later.

"SUBCHAPTER III—ENTITLEMENT; DURATION

"§ 1441. Entitlement; loan eligibility

"(a)(1) The total amount in monthly payments to which an eligible veteran is entitled under this subchapter is an amount determined by (A) adding all contributions made to the fund by the veteran, (B) multiplying the sum by 3, and (C) adding all contributions made to the fund for such veteran by the Secretary under section 1432(c) of this section.

"(2) The Administrator shall pay to a participant while such participant is enrolled in and pursuing an approved program of education monthly payments in such an amount as the participant may specify, not to exceed $500 in the case of a participant pursuing a program on a full-time basis.

"(3) If a participant is pursuing a program of education on a less than full-time basis, the participant shall be paid monthly payments in such an amount as the participant may specify, not to exceed an amount which bears the same ratio to $500 as the less than full-time program of education, subject to such adjustments as the Administrator considers appropriate.

"(4) The total amount paid to a participant under this section and to a spouse and children under section 1442 of this title may not exceed the amount credited to such participant under section 1432 of this title.

"(5) Payment of benefits under this chapter may be made only for periods of time during which an eligible veteran is actually enrolled in and pursuing an approved program of education and, except as provided in paragraph (4), only after an eligible veteran has been discharged or released from active duty.

"(6) Payments of benefits under this chapter may be made while a participant is serving on active duty after the participant has participated in the program for at least twenty-four months.

"(b) Eligible veterans participating in the program shall be eligible for education loans authorized by subchapter III of chapter 36 of this title in such amounts and on the same terms and conditions as provided in such subchapter, except that the term 'eligible veteran' as used in such subchapter shall be deemed to include 'eligible veteran' as defined in this chapter.

"§ 1442. Transfer of benefits

"(a) An eligible veteran may transfer any educational benefits of such veteran under this chapter to such veterans' spouse or children. Any transfer under this subsection may be revoked at any time by the participant.

"(b) If a participant dies and before death had not elected to transfer such participant's entitlement under this chapter to such participant's spouse or children, any unused entitlement of such participant shall be automatically transferred, subject to subsection (d) of this section, to such participant's surviving spouse or (if no surviving spouse) to such participant's surviving children. A surviving spouse to whom entitlement is transferred under this subsection may transfer such entitlement to the surviving children of the participant whose service established such entitlement.

"(c) Any transfer of entitlement under this subsection shall be made in accordance with regulations prescribed by the Secretary.

"(d) Entitlement of a participant may not be transferred to any person under subsection (a) of this section upon the death of such participant if the participant has notified the Secretary in writing that such participant does not wish the entitlement to be transferred in the event of the death of such participant.

"(e) The benefits of an eligible veteran which have been transferred to a spouse or child under this chapter shall be made available to such spouse or child in the same manner and under the same circumstances such benefits would be made available to such veteran.

"§ 1443. Duration; limitations

"(a)(1) No educational assistance benefits shall be afforded an eligible veteran under this chapter beyond the date of ten years after such veteran's last discharge or release from active duty.

"(2) No educational assistance benefits shall be afforded to the spouse or child to whom benefits have been transferred by an eligible veteran beyond the date of ten years after the date of such veteran's last discharge or release from active duty or beyond ten years after the date of the transfer of such benefits, whichever is later.

"(b) In the event an eligible veteran, or a spouse or child to whom benefits have been transferred, has not utilized any or all of such veteran's entitlement by the end of the ten-year period, such eligible veteran is automatically disenrolled and any contributions made by such veteran remaining in the fund shall be refunded to the veteran following notice to the veteran and an application by the veteran for such refund. If no application is received within one year from date of notice, it will be presumed for the purposes of subsection (a) of section 20 of the Permanent Appropriations Repeal Act, 1934 (31 U.S.C. 725s), that the individual's whereabouts is unknown and the funds shall be transferred as directed in the last proviso of that subsection.

"SUBCHAPTER IV—ADMINISTRATION

"§ 1451. Requirements

"The provisions of sections 1670, 1671, 1673, 1674, 1676, 1677, 1681(c), 1683, and 1696 of this title and the provisions of chapter 36 of this title, with the exception of sections 1777, 1780(c), and 1787, shall be applicable to the program.

"§ 1452. Reporting requirements

"The Administrator and the Secretary shall, within ninety days after the date of enactment of this chapter, submit to the Committees on Veterans' Affairs of the Senate and the House of Representatives a joint report containing their respective plans for implementation of the program provided for in this chapter. The Administrator and the Secretary shall submit to such committees a report each year detailing the operations of the program during the preceding year. The first such annual report shall be submitted fifteen months after the date of enactment of this section.

"§ 1453. Deposits; reports

"Deductions made by the Department of Defense from the military pay of any participant shall be promptly transferred to the Administrator for deposit in the fund. The Secretary shall also submit to the Administrator a report each month showing the name, service number, and the amount of the deduction made from the military pay of each initial enrollee, any contribution made by the Secretary pursuant to section 1432(c) of this section, as well as any charges in each participant's enrollment or contribution. The report shall also include any additional information the Administrator and the Secretary deem necessary to administer this program. The Administrator shall maintain accounts showing contributions made to the fund by individual participants and by the Secretary as well as disbursements made from the fund in the form of benefits.

"§ 1454. Budget function

"Appropriations and expenditures made to carry out this chapter shall be considered for budget purposes as appropriations and expenditures made for functions of the Department of Defense rather than functions of the Veterans' Administration.".

(b) The table of chapters at the beginning of such title and at the beginning of part III of such title are each amended by inserting above the item relating to chapter 31 the following new items:

"29. Peacetime Veterans' Educational Assistance Program.
"30. Career Servicepersons' Educational Assistance Program.".

(c) Chapter 32 of title 38, United States Code, relating to the post-Vietnam era veterans' educational assistance program, is amended by adding at the end thereof the following new section:

"§ 1644. Termination of program

"No person who enters the military service after December 31, 1980, and who is eligible to earn educational assistance entitlement under chapter 33 of this title shall be eligible to participate in the program provided for in this chapter after such date, and no person who entered the military service before such date shall be eligible to participate in such program after such person's first discharge or release from active duty after such date. The preceding sentence shall not be construed to deny benefit payments under this chapter to any eligible veteran who was a participant before the applicable termination date specified in such sentence.".

(d) Clause (4) of section 1795 of title 38, United States Code, relating to limitation on period of assistance under two or more programs, is amended by inserting "29," after "chapters".

TITLE II—EDUCATIONAL LEAVE OF ABSENCES FOR MEMBERS OF THE ARMED FORCES

SEC. 201. (a) Chapter 40 of title 10, United States Code, relating to leave, is amended by adding at the end thereof the following new section:

"§705. Educational leave of absence

"(a) Under such regulations as the Secretary of Defense may prescribe, the Secretary concerned may grant to any eligible member a leave of absence from such member's military duties for the purposes of permitting such member to pursue a program of education for a period not exceeding twelve consecutive months.

"(b)(1) A member may not be granted a leave of absence under this section unless such member agrees in writing to extend his active duty service obligation for a period of two months for each month of leave of absence granted such member.

"(2) A leave of absence granted under this section may not exceed twelve consecutive months, and a member may not be granted another leave of absence under this section until he has completed any active duty obligation incurred by reason of any previous leave of absence granted under this section.

"(c)(1) A member may not be paid basic pay or any special or incentive pay to which he would otherwise be entitled for any period during which he is on a leave of absence granted under this section, but shall be paid basic allowance for quarters and basic allowance for subsistence for any such period if otherwise eligible for such allowances.

"(2) A period during which a member is on a leave of absence under this section shall be included for the purposes of computing the amount of such member's basic pay and for the purpose of determining such member's eligibility for retired pay. Such period may not be counted as time in grade for promotion purposes or as active duty service for leave entitlement purposes.

"(d)(1) In time of war, or a national emergency declared by the President or the Congress after the date of the enactment of this section, the Secretary concerned may cancel the leave of absence granted to any member under this section. However, the Secretary concerned shall permit, whenever practicable, a member whose leave of absence has been canceled under this subsection to complete such leave of absence after the termination of the war or national emergency, as the case may be.

"(2) The Secretary concerned may also cancel a leave of absence granted to any member under this section if he determines that the member is not satisfactorily pursuing the program of education for which the leave was granted.

"(e) As used in this section, the term 'eligible member' means—

"(1) an enlisted member of the Army, Navy, Air Force, or Marine Corps who has completed at least one term of enlistment and has reenlisted in the Armed Forces; or

"(2) an officer of the Army, Navy, Air Force, or Marine Corps below the grade of colonel or, in the case of the Navy, captain who has served on active duty for a period of at least four years.".

(b) The table of sections at the beginning of chapter 40 of such title is amended by adding at the end thereof the following new item:

"705. Educational leave of absence.".

O

Mr. Nichols. The next meetings of the subcommittee will be held on Wednesday and Thursday of this week in this room at 10 a.m., at which time we'll be discussing the issue of contracting out in the military services.

The subcommittee stands adjourned.

[Whereupon, at 1 p.m., the hearing was adjourned.]

[Other legislation dealing with educational assistance follow:]

I

97TH CONGRESS
1ST SESSION

H. R. 2399

To amend title 38 of the United States Code to provide meaningful educational assistance to persons who serve in the Armed Forces.

IN THE HOUSE OF REPRESENTATIVES

MARCH 10, 1981

Mr. HUNTER introduced the following bill; which was referred jointly to the Committees on Armed Services and Veterans' Affairs

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A BILL

To amend title 38 of the United States Code to provide meaningful educational assistance to persons who serve in the Armed Forces.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Armed Forces Educational Assistance Act of 1981".

SEC. 2. (a) Title 38, United States Code, is amended by adding after chapter 39 the following new chapter:

"CHAPTER 40—ARMED FORCES EDUCATIONAL ASSISTANCE

"Sec.
"1950. Purpose.
"1951. Eligibility; entitlement.
"1952. Program of education.
"1953. Educational benefit; members of the Selected Reserve of an Armed Force.
"1954. Right of eligible member to transfer entitlement to spouse or dependent child.
"1955. Time limitations.

"§ 1950. Purpose

"The purpose of this chapter is to demonstrate that an improved educational assistance program for persons who serve on active duty will encourage honorable service from such persons in the Armed Forces and increase the retention rate of current and future military personnel, increase recruitment of persons into the Armed Forces, and generally enhance the quality of the military readiness.

"§ 1951. Eligibility; entitlement

'(a) Except as otherwise provided in this chapter, any person who—

"(1) enters active military, naval, or air service after the effective date of this Act, and is either—

"(A) separated with a service characterized as honorable,

"(B) reenlisted for another tour of active military, naval, or air service after completing an initial obligated tour, "(C) continued on active military, naval, or air service beyond an initial obligated tour, or

"(D) discharged or released for a service-connected disability, or

"(2) is on active duty with an Armed Force of the United States on the effective date of this Act and—

"(A) continues to serve on active duty for a period of three years after the effective date of this Act, and

"(B) as prescribed by the Administrator, waives the benefits that person may be eligible for under chapters 32 and 34 of this title

is entitled to a monthly allowance of $300, if the person has completed less than six years' service, or $600, if after the effective date of this Act, the person completes at least six years' service for each month the person attends classes on a full-time basis while pursuing a program of education at an approved educational institution.

"(b) An eligible person is entitled to the monthly allowance authorized for which that person is qualifed by this section for a number of months that is the same as the number of months that person served on active military, naval, or air service, but not to exceed thirty-six payments.

"(c) A member of an Armed Force who, after the effective date of this Act, completes one year of active military, naval, or air service and is attending an approved educational institution on a part-time basis, is entitled to an allowance payment for each month of actual attendance in a program of education in an amount, as computed by the Administrator, that represents a percentage of the maximum allowance payment as determined by dividing the credits or equivalent method of course study actually taken in the academic term of the approved educational institution on a part-time basis by the number of credits, or equivalent course curriculum, needed in such academic term to be considered a full-time student. The member of an Armed Force receiving allowance payments for part-time attendance at an approved educational institution continues to earn entitlement for allowance payments for each month of continued active military, naval, or air service. The number of allowance payments authorized for payment to a part-time student by this subsection may continue until the student receives the full value of the allowance payments for which the person otherwise is entitled by subsection (a) of this section.

"(d) The allowance payments authorized by this section shall be adjusted each year by the Administrator in a manner consistent with the change over the preceding twelve-month period in the average cost of attendance at public institutions of higher learning. Cost of attendance means the actual cost of attendance as determined by the Secretary of Education pursuant to section 411(a)(2)(B)(iv) of the Higher Education Act of 1965 (20 U.S.C. 1070a(a)(2)(B)(iv)).

"(e) For purposes of this chapter, the term "active duty" does not include service as a cadet at the United States Military, Air Force, or Coast Guard Academy or as a midshipman at the United States Naval Academy.

"§ 1952. Program of education

"The provisions of sections 1670, 1671, 1673, 1674, 1676, 1677, 1681(c), and 1683 of this title and the provisions of subchapter I of chapter 36 of this titie shall be applicable to the educational assistance approval by the Administrator of the program of education contemplated by this chapter, except the term "eligible veteran" in sections 1670, 1671, 1673, 1674, 1676, 1677, and 1681(c) of this title shall include, for purposes of this chapter, persons eligible for educational assistance in the nature of monthly allowance payments as authorized under the provisions of this chapter.

"§ 1953. Educational benefit; members of the Selected Reserve of an Armed Force

"(a) Each person who, after the effective date of this Act—

"(1) becomes a member of a Selected Reserve of an Armed Force, as described by section 268(b) of title 10.

"(2) satisfactorily completes two years of participation in such reserve component, and

"(3) is attending a program of instruction at an approved educational institution

is entitled to an allowance of $150 for each month the Reserve attends classes on a full-time basis.

"(b) A Reserve eligible for the benefit of this section is entitled to the allowance for a number of months that is the same as the number of months that Reserve served in the Selected Reserve of an Armed Force, not to exceed thirty-six allowance payments.

"(c) A member of a Selected Reserve of an Armed Force who is attending an approved educational institution on a part-time basis, and otherwise is entitled to the benefits of this section, is entitled for each month of actual attendance to an amount computed by the Administrator, that represents a percentage of the allowance payment authorized by subsection (a) of this section, as determined by dividing the number of credit hours of courses actually taken in the academic term of the approved educational institution on a part-time basis by the number of credit hours of courses needed in such academic term to be considered a full-time student by the approved educational institution. The Reserve receiving monthly allowance payments for part-time attendance at an approved educational institution continues to earn entitlement for allowance payments for each month of Selected Reserve service. The number of allowance payments authorized a part-time student under this section may continue until the Reserve receives the full value of the payments for which the Reserve otherwise is entitled by this section. The Administrator may combine the educational benefit of this chapter authorized for active military, naval, or air service with the educational benefit of this section authorized for service in the Selected Reserve but may not make payments in excess of $300 per month to persons with active military, naval, or air service of less than six years' duration or monthly payments in excess of $600. The increases in the allowance payments determined by the Administrator in accordance with section 1951(d) of this title apply with regard to the amounts authorized and the limitations stated in this section. The Administrator may not pay a Reserve in excess of that person's full monthly entitlement times thirty-six.

"(e) Educational benefits earned under this section for service in the Selected Reserve of an Armed Force may not be transferred to a dependent or spouse of a Reserve member.

"§ 1954. Right of eligible member to transfer entitlement to dependent child

"(a)(1) A person entitled to the educational benefit of section 1950 of this title, who completed ten years of active military, naval, or air service, and is on active duty, or is retired, may transfer all or any part of his educational entitlement under this chapter to his child or children. In the event a person is authorized such transfer but is not entitled to an educational benefit because he has not served on active duty for an appropriate period after the effective date of this Act, the Administrator may honor such transfer and, if the member agrees in writing with the Secretary concerned to serve at least an additional period of three or six years on active duty, the Administrator may pay an educational benefit of $300 or $600 per month, as the case may be, as adjusted in accordance with section 1951(d) of this title, to the designated child or children. If a member who makes such an agreement is released from active duty for the convenience of the Government prior to serving on active duty the agreed upon period, further payments by the Administrator are unauthorized and payments already made are considered entitlements. If a member making such an agreement is released from active duty for less than satisfactory service, further payments on behalf of his service are unauthorized and, in the discretion of the Administrator, payments made on behalf of his service may be collected from either the member or the dependent receiving the benefits. Any transfer under the preceding sentence may be revoked at any time by the member making the transfer.

"(2) If a member described in paragraph (1) dies before making an election and never made an election not to transfer the entitlement, the Administrator shall transfer any unused entitlement to the person's children.

"(b) Any transfer of entitlement under subsection (a) shall be made in such form and in such manner as the Administrator may prescribe.

"(c) A child old enough to attend an approved educational institution to whom entitlement is transferred under this section must use the benefits transferred under this section within ten years after the date on which the entitlement is transferred or within ten years of the person's last discharge or release from active duty, whichever is earlier, or ten years after the date a designated child reaches his eighteenth birthday.

"(d) The total amount of educational assistance available to a person entitled to educational assistance under section 1952 of this title and to the person's child or children is the amount of educational assistance to which the person is entitled as adjusted under 1951(d) of this title. If more than one dependent child is being provided educational assistance for the same period by virtue of the entitlement of the same person, the subsistence allowance shall be divided in such manner as the person may specify or as the Administrator may prescribe.

"§ 1955. Time limitations

"(a) No educational assistance is afforded a person under this chapter beyond the date ten years after his last discharge or release from active duty or Reserve service; except that, in the case of any person who was prevented from initiating or completing a program of education within the authorized time period because of a physical or mental disability which was not the result of his own misconduct, the person shall, upon application to the Administrator, be granted an extension of the applicable delimiting period for a length of time as the Administrator determines, from the evidence, that the person was prevented from initiating or completing the program of education.

"(b) In the case of any person who has been prevented as determined by the Administrator, from completing a program of education under this chapter within the period prescribed by subsection (a), because the person had not met the nature of discharge requirements of this chapter before a change, correction, or modification of a discharge or dismissal made pursuant to section 1553 of title 10, the correction of the military records of the proper service department under section 1552 of title 10, or other corrective action by competent authority, then the ten-year delimiting period shall run from the date his discharge or dismissal was changed, corrected, or modified.

"(c) In the case of any eligible person who became eligible for educational assistance under the provisions of this chapter, and who, subsequent to his last discharge or release from active duty, was captured and held against his will by a foreign government or power for political reasons, there shall be excluded, in computing his ten-year period of eligibility for educational assistance, any period during which he was so detained and any period immediately following his release from such detention during which he was hospitalized at a military, civilian, or Veterans' Administration medical facility.".

(b) The table of chapters at the beginning of such title and at the beginning of part III of such title are each amended by adding below the item relating to chapter 39 the following new item:

"40. Armed Forces Educational Assistance.".

(c) Clause (4) of section 1795 of this title, relating to limitation on period of assistance under two or more programs, is amended by inserting "40," after "chapter 31.".

(d) Section 1770(a) of this title is amended by adding "40," after "chapters.".

(e) Section 1770(b) of this title is amended by adding "former" before "chapter 40.".

I

97TH CONGRESS
1ST SESSION

H. R. 2790

To amend title 38, United States Code, to provide expanded opportunities for individuals to earn educational assistance benefits based on honorable active service in the Armed Forces, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 24, 1981

Mr. EMERY introduced the following bill; which was referred jointly to the Committees on Armed Services and Veterans' Affairs

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A BILL

To amend title 38, United States Code, to provide expanded opportunities for individuals to earn educational assistance benefits based on honorable active service in the Armed Forces, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Veterans' Education and Training Program Act of 1981".

TITLE I—EDUCATIONAL ASSISTANCE FOR MEMBERS OF THE ARMED FORCES

SEC. 101. (a) Title 38, United States Code, is amended by inserting at the beginning of part III the following new chapters:

"CHAPTER 29—ARMED FORCES EARNED EDUCATIONAL ASSISTANCE PROGRAM

"Sec.
"1401. Purpose.
"1402. Definitions.
"1403. Eligibility and entitlement.
"1404. Duration; limitations.
"1405. Applicability of certain provisions of title 38.
"1406. Reporting requirements.
"1407. Budget function.

"§ 1401. Purpose

"The purpose of this chapter is to provide educational benefits provided as an inducement to honorable service by persons enlisting in the Armed Forces and to foster retention in both the Regular and Reserve components of the Armed Forces. The [program] is designed to provide benefits to both the Armed Forces and the individual volunteer.

"§ 1402. Definitions

"In this chapter:

"(1) 'Eligible member' means any person who—

"(A) enlists or reenlists in the Armed Forces on or after the date of the enactment of this chapter;

"(B) serves on active duty in fulfillment of such enlistment or reenlistment and is discharged or released therefrom by honorable discharge; or

"[(C) enlists or reenlists for service under the provisions of section 511(d) of title 10 for a period of not less than six years.]

"(2) 'Active duty' does not include any period during which a person—

"(A) is assigned full time by the Armed Forces to a civilian institution for a course of education which was substantially the same as established courses offered to civilians; or

"(B) serves as a cadet or midshipman at one of the service academies.

"§ 1403. Eligibility and entitlement

"(a) Each eligible member (as defined in section 1402(1) (A) or (B) of this title) who enlists or reenlists for the first time in the Armed Forces after the date of the enactment of this chapter for a period of two or more years is entitled to educational assistance under this chapter as follows:

"(1) At the end of the first twenty-four months of active duty, the eligible member is entitled to eighteen months of educational assistance (or the equivalent thereof in part-time educational assistance).

"(2) For active duty performed during a third twelve-month period of active duty, the eligible member is entitled to one-half month of educational assistance (or the equivalent thereof in part-time educational assistance) for each month of active duty.

"(3) For active duty performed during a fourth twelve-month period of active duty, the eligible member is entitled to one month of educational assistance (or the equivalent thereof in part-time educational assistance) for each month of active duty.

"(b) Each eligible member (as defined in section 1402(1)(C) of this title) who enlists or reenlists in the Armed Forces after the date of the enactment of this chapter for a period of six years, is entitled to nine months of educational assistance (or equivalent thereof in part-time educational assistance) upon completion of two years of active duty. Such member may acquire additional educational assistance benefits at the rate of one month of educational assistance for each three months of additional active duty. [For the purposes of this paragraph, such service must be qualified as required in section 1332 of title 10.]

"(c) An eligible member may become entitled to a maximum of thirty-six months of educational assistance under this chapter (or the equivalent thereof in part-time educational assistance).

"(d) Educational assistance may not be afforded under this chapter to any member who fails to complete the first two years of such enlistment or reenlistment under honorable conditions.

"(e) Except as otherwise provided in this chapter, the Administrator shall pay to each eligible member who is pursuing a program of education under this chapter an educational assistance allowance in the same amount, for the same purpose, and under the same circumstances as would be paid if such member were pursuing a program of education under chapter 34 of this title.

"§ 1404. Duration, limitations

"(a) Educational assistance may not be afforded an eligible member under this chapter beyond the date ten years after such person's last discharge or release from active duty.

"(b) Members who have established basic eligibility under subsection (a) or (b) of section 1403 of this title may be allowed benefits under section 1403(e) of this title while continuing to serve in fulfillment of any enlistment.

"§ 1405. Applicability of certain provisions of this title

"The provisions of sections 1670, 1671, 1673, 1674, 1676, and 1686, and of chapter 36, of this title (except sections 1777, 1780(c), and 1787) shall be applicable to the educational assistance provided under this chapter.

"§ 1406. Reporting requirements

"(a) The Administrator and the Secretary of Defense shall, within ninety days after the date of the enactment of this chapter, submit to the Congress a joint report containing their respective plans for the implementation of this chapter.

"(b) The Secretary of Defense shall report to the Congress semiannually on the operation of the program provided for in this chapter. Such report shall include—

"(1) the number of original enlistments and the number of reenlistments during the preceding six-month period;

"(2) the rates of retention and attrition during such period; and

"(3) a comparison of the enlistment, reenlistment, retention, and attrition rates during such period with those for comparable periods in the preceding five years.

"§ 1407. Budget function

"Appropriations and expenditures made to carry out this chapter shall be considered for budget purposes as appropriations and expenditures made for functions of the Veterans' Administration.

"CHAPTER 30—CAREER MEMBERS' DEPENDENTS EDUCATIONAL ASSISTANCE PROGRAM

"SUBCHAPTER I—DEFINITIONS

"Sec.
"1421. Definitions.

"SUBCHAPTER II—ELIGIBILITY; CONTRIBUTIONS; AND MATCHING FUND

"1431. Eligibility.
"1432. Contributions; matching fund.
"1433. Refunds of contributions upon disenrollment.
"1434. Death of participant.
"1435. Discharge or release under conditions which would bar the use of benefits.

"SUBCHAPTER III—ENTITLEMENT; DURATION

"1441. Entitlement.
"1442. Eligible dependents designation.
"1443. Duration; limitations.

"SUBCHAPTER IV—ADMINISTRATION

"1451. Requirements.
"1452. Reporting requirements.
"1453. Deposits; reports.
"1454. Budget function.

"SUBCHAPTER I—DEFINITIONS

"§ 1421. Definitions

"For the purposes of this chapter—

"(1)(A) The term 'eligible veteran' means any veteran who has served on active duty as an enlisted member for a period of more than six years and was discharged or released from such service with an honorable discharge.

"(B) The requirement of discharge or release, prescribed in subparagraph (A), shall be waived in the case of an individual who has completed six years of active duty.

"(C) For the purposes of subparagraphs (A) and (B), the term 'active duty' does not include any period during which an individual (i) was assigned full time by the Armed Forces to a civilian institution for a course of education which was substantially the same as established courses offered to civilians, (ii) served as a cadet or midshipman at one of the service academies, or (iii) served under the provisions of section 511(d) of title 10 pursuant to an enlistment in the Army National Guard or the Air National Guard, or as a Reserve for service in the Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps Reserve, or Coast Guard Reserve.

"(2) The term 'program of education' shall have the same meaning as the meaning given such term in section 1652(b) of this title.

"(3) The term 'participant' means a person who is participating in the educational benefits program established under this chapter.

"(4) The term 'program' means the program established by this chapter.

"(5) The term 'Secretary' means the Secretary of Defense.

"SUBCHAPTER II—ELIGIBILITY; CONTRIBUTIONS; AND MATCHING FUND

"§ 1431. Eligibility

"(a) Each eligible veteran who is serving on active duty and who has completed six years of active duty shall have the right to enroll in the educational benefits program provided by this chapter at any time during such veteran's service on active duty. When a veteran elects to enroll in the program, the person must participate for at least twelve consecutive months before disenrolling or suspending participation.

"(b) The requirement for twelve consecutive months of participation required by subsection (a) of this section shall not apply if (1) the participant suspends participation or disenrolls from the program because of personal hardship, as defined in regulations issued jointly by the Administrator and the Secretary of Defense, or (2) the participant is discharged or released from active duty.

"(c) A participant shall be permitted to suspend participation or disenroll from the program at the end of any twelve-consecutive-month period of participation. If participation is suspended, the participant shall be eligible to make additional contributions to the program under such terms and conditions as shall be prescribed by regulations issued jointly by the Administrator and the Secretary.

"(d) If a participant disenrolls from the program, the participant forfeits any entitlement to benefits under the program except as provided in subsection (e) of this section. A participant who disenrolls from the program is eligible for a refund of contributions as provided in section 1433 of this title.

"(e) A participant who has disenrolled may be permitted to reenroll in the program under such conditions as shall be prescribed jointly by the Administrator and the Secretary.

"§ 1432. Contributions; matching fund

"(a) Each eligible veteran electing to participate in the program shall agree to have a monthly deduction made from such person's military pay. Such monthly deduction shall be in any amount not less than $25 nor more than $100 except that the amount must be divisible by five. Any such amount contributed by the participant or contributed by the Secretary pursuant to subsection (c) of this section shall be deposited in a deposit fund account entitled the Career Member's Dependents Education Account (hereinafter in this chapter referred to as the 'fund') to be established in the Treasury of the United States. Contributions made by the participant shall be limited to a maximum of $6,000.

"(b) Except as otherwise provided in this chapter, each monthly contribution made by a participant under subsection (a) shall entitle the participant to matching funds from the Department of Defense at the rate of $2 for each $1 contributed by the participant. However, matching funds shall not be deposited on behalf of a participant who has not completed ten years of active duty.

"(c) The Secretary may contribute to the credit of any participant such amounts in addition to the matching funds contributed under subsection (b) of this section as the Secretary considers necessary or appropriate to encourage persons to remain in the Armed Forces. The Secretary may issue such regulations as the Secretary considers necessary to implement this subsection.

"§ 1433. Refunds of contributions upon disenrollment

"(a) Contributions made to the program by a participant may be refunded only after the participant has disenrolled from the program or as provided in section 1435 of this title.

"(b) If a participant disenrolls from the program before discharge or release from active duty, the participant's contributions shall be refunded on the date of the participant's discharge or release from active duty or within sixty days of receipt of notice by the Administrator of the participant's discharge or disenrollment, except that refunds may be made earlier in instances of hardship or other good reason as prescribed in regulations issued jointly by the Administrator and the Secretary.

"(c) If a participant disenrolls from the program after discharge or release from active duty, the participant's contributions shall be refunded within sixty days of receipt of an application for a refund from the participant.

"§ 1434. Death to participant

"In the event of a participant's death, the amount of such participant's unused contributions to the fund shall be paid to the living person or persons first listed below:

"(1) The beneficiary or beneficiaries designated by such participant under the participant's Servicemen's Group Life Insurance policy.

"(2) The surviving spouse of the participant.

"(3) The surviving child or children of the participant, in equal shares.

"(4) The surviving parent or parents of the participant, in equal shares.

If there is no such person living, such amount shall be paid to the participant's estate.

"§ 1435. Discharge or release under conditions which would bar the use of benefits

"If a participant in the program is discharged or released from active duty under other than honorable conditions or before completing ten years on active duty, the participant is automatically disenrolled from the program and any contribution made by the participant shall be refunded to the participant on the date of the participant's discharge or release from active duty or within sixty days from receipt of notice by the Administrator of such discharge or release, whichever is later.

"SUBCHAPTER III—ENTITLEMENT; DURATION

"§ 1441. Entitlement

"(a)(1) An eligible dependent is entitled to a maximum of thirty-six monthly benefit payments (or their equivalent in part-time benefit payments).

"(2) The amount of the monthly payment to which an eligible dependent is entitled is determined by (A) adding all contributions made to the fund by the eligible veteran, (B) multiplying the sum by 3, (C) adding all supplemental contributions made to the credit of such person by the Secretary, and (D) dividing the sum by the lesser of 36 or the number of months in which contributions were made by the veteran.

"(b) Payment of benefits under this chapter may be made only for periods of time during which an eligible dependent is actually enrolled in and pursuing an approved program of education.

"(c) Payment of benefits under this chapter may be made while a participant is serving on active duty after the eligible veteran has participated in the program for at least twenty-four months and has completed at least ten years of active duty.

"§ 1442. Eligible dependents; designation

"(a) An eligible veteran may transfer any educational benefits of such veteran under this chapter to such veterans' spouse or children after the veteran has completed ten years of active duty. Any transfer under this subsection may be revoked at any time by the veteran.

"(b) If a participant dies and before death had not elected to transfer such participant's entitlement under this chapter to such participant's spouse or children, any unused entitlement of such participant shall be automatically transferred, subject to subsection (d) of this section, to such participant's surviving spouse or (if no surviving spouse) to such participant's surviving children. A surviving spouse to whom entitlement is transferred under this subsection may transfer such entitlement to the surviving children of the participant whose service established such entitlement.

"(c) Any transfer of entitlement under this subsection shall be made in accordance with regulations prescribed by the Secretary.

"(d) Entitlement of a participant may not be transferred to any person under subsection (a) of this section upon the death of the participant if the participant has notified the Secretary in writing that the participant does not wish the entitlement to be transferred in the event of the death of the participant.

"(e) Notwithstanding any other provision of this chapter, assistance may not be paid under this chapter to a person divorced from the veteran on whose service the person's entitlement is based.

"§ 1443. Duration; limitations

"(a) Educational assistance benefits may not be afforded to a spouse or child to whom benefits have been transferred by an eligible veteran beyond the date of ten years after the date of the veteran's last discharge or release from active duty or beyond ten years after the date of the transfer of such benefits, whichever is later.

"(b) In the event that an eligible spouse or child to whom benefits have been transferred has not utilized any or all of such veteran's entitlement by the end of the ten-year period, such veteran is automatically disenrolled from the program and any contributions made by such veteran remaining in the fund shall be refunded to the veteran following notice to the veteran and an application by the veteran for such refund. If no application is received within one year from date of notice, it shall be presumed for the purposes of subsection (a) of section 20 of the Permanent Appropriations Repeal Act, 1934 (31 U.S.C. 725s), that the individual's whereabouts are unknown and the funds shall be transferred as directed in the last proviso of that subsection.

"SUBCHAPTER IV—ADMINISTRATION

"§ 1451. Requirements

"The provisions of sections 1670, 1671, 1673, 1674, 1676, 1677, 1681(c), 1683, and 1696 of this title and the provisions of chapter 36 of this title (with the exception of sections 1777, 1780(c), and 1787) shall be applicable to the program.

"§ 1452. Reporting requirements

"The Administrator and the Secretary shall, within ninety days after the date of the enactment of this chapter, submit to the Committees on Veterans' Affairs of the Senate and House of Representatives a joint report containing their respective plans for implementation of the program provided for in this chapter. The Administrator and the Secretary shall submit to such committees a report each year detailing the operations of the program during the preceding year. The first such annual report shall be submitted fifteen months after the date of the enactment of this section.

"§ 1453. Deposits; reports

"(a) Deductions made by the Department of Defense from the military pay of any participant shall be promptly transferred to the Administrator for deposit in the fund. The Secretary shall also submit to the Administrator a report each month showing the name, service number, and amount of the deduction made from the military pay of each initial enrollee, any contribution made by the Secretary under section 1432(c) of this title, and any change in each participant's enrollment or contribution. The report shall also include any additional information the Administrator and the Secretary consider necessary for the administration of the program.

"(b) The Administrator shall maintain accounts showing contributions made to the fund by individual participants and by the Secretary as well as disbursements made from the fund in the form of benefits.

"§ 1454. Budget function

"Appropriations and expenditures made to carry out this chapter shall be considered for budget purposes as appropriations and expenditures made for functions of the Department of Defense.".

(b) The tables of chapters at the beginning of such title and at the beginning of part III of such title are each amended by inserting before the item relating to chapter 31 the following new items:

"29. Peacetime Veterans' Educational Assistance Program.
"30. Career Members' Dependents Educational Assistance Program.".

SEC. 102. Chapter 32 of title 38, United States Code, relating to the post-Vietnam era veterans' educational assistance program, is amended by adding at the end thereof the following new section:

"§ 1644. Termination of program

"No person who enlists in the Armed Forces after December 31, 1981, and who is eligible to earn educational assistance entitlement under chapter 29 of this title is eligible to participate in the program provided for in this chapter after such date, and no person who entered the active military, naval, or air service before such date is eligible to participate in such program after such person's first discharge or release from active duty after December 31, 1981. The preceding sentence shall not be construed to deny benefit payments under this chapter to any eligible veteran who was a participant before the applicable termination date specified in the preceding sentence.".

SEC. 103. Clause (4) of section 1795 of title 38, United States Code, relating to limitation on period of assistance under two or more programs, is amended by inserting "29," after "chapters".

TITLE II—EDUCATIONAL LEAVE OF ABSENCES FOR MEMBERS OF THE ARMED FORCES

SEC. 201. (a) Chapter 40 of title 10, United States Code, relating to leave, is amended by adding at the end thereof the following new section:

"§706. Educational leave of absence

"(a) Under such regulations as the Secretary of Defense may prescribe and subject to subsection (b), the Secretary concerned may grant to any eligible member (as defined in subsection (e)) a leave of absence from the member's military duties for the purposes of permitting the member to pursue a [program of education] for a period not exceeding twelve months.

"(b)(1) A member may not be granted a leave of absence under this section unless the member agrees in writing to extend his active duty service obligation for a period of two months for each month of leave of absence granted.

"(2) A member may not be granted a leave of absence under this section until he has completed any active duty obligation incurred by reason of any previous leave of absence granted under this section.

"(c)(1) A member may not be paid basic pay or any special or incentive pay to which he would otherwise be entitled for any period during which he is on a leave of absence granted under this section, but the member may be paid basic allowance for quarters or basic allowance for subsistence, or both, for any such period.

"(2) A period during which a member is on a leave of absence under this section shall be counting for the purposes of computing the amount of the member's basic pay and for the purpose of determining such member's eligibility for retired pay. Such period may not be counted as time in grade for promotion purposes.

"(d)(1) In time of war, or a national emergency declared by the President or the Congress after the date of the enactment of this section, the Secretary concerned may cancel the leave of absence granted to any member under this section. However, the Secretary concerned shall permit, whenever practicable, a member whose leave of absence has been cancelled under this subsection to complete such leave of absence after the termination of the war or national emergency.

"(2) The Secretary concerned may cancel a leave of absence granted to any member under this section if he determines that the member is not satisfactorily pursuing the program of education for which the leave was granted.

"(e) In this section, 'eligible member' means an enlisted member of the armed forces who has completed at least one term of enlistment and has reenlisted in the armed forces.".

(b) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"706. Educational leave of absence.".

SEC. 202. Section 269 of title 10, United States Code, is amended by adding at the end thereof the following new subsection:

"(h)(1) Except as provided in paragraph (2) and under such regulations as the Secretary concerned may prescribe, any person who, on or after the date of the enactment of this subsection, enlists for the first time in the armed forces may, at the discretion of the Secretary concerned, be released from active duty, placed in the Selected Reserve, and required to serve in such Selected Reserve for a period which, when added to the period of active duty served under such enlistment, equals four years. Upon completion of the term for which such person is required to serve in the Selected Reserve, such person shall, upon request, be transferred to the Ready Reserve and serve as a member thereof for such period as may be required by law or regulation. Any such person who serves on active duty under such enlistment for a period of four or more years shall, upon release, be placed in the Ready Reserve and serve as a member thereof for such period, if any, as may be required by law or regulation.

"(2) Notwithstanding any other provision of this section, any person who, on or after the date of enactment of this section, reenlists in the armed forces for the first time and such reenlistment is for a period of two years or more may, at the discretion of the Secretary concerned, be released or discharged and, if such person has not completed the required reserve obligation, be placed in the Ready Reserve and serve in such Ready Reserve for such period as may be necessary to complete his or her service obligation.".

Sec. 203. The amendments made by this Act shall take effect on October 1, 1981.

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97TH CONGRESS
1ST SESSION

H. R. 3340

To amend title 38, United States Code, to provide expanded opportunities for individuals to earn educational assistance benefits based on active service in the Armed Forces, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 30, 1981

Mr. MITCHELL of New York introduced the following bill; which was referred jointly to the Committees on Armed Services and Veterans' Affairs

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A BILL

To amend title 38, United States Code, to provide expanded opportunities for individuals to earn educational assistance benefits based on active service in the Armed Forces, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Veterans' Education and Training Act of 1981".

EDUCATIONAL ASSISTANCE FOR MEMBERS OF THE ARMED FORCES

SEC. 2. (a)(1) Title 38, United States Code, is amended by inserting at the beginning of part III the following new chapter:

"CHAPTER 29—ARMED FORCES EARNED EDUCATIONAL ASSISTANCE PROGRAM

"Sec.

"1401. Purpose.
"1402. Definitions.
"1403. Eligibility and entitlement.
"1404. Duration of entitlement.
"1405. Applicability of certain provisions of chapters 34 and 36.
"1406. Reporting requirements.

"§ 1401. Purpose

"The purpose of this chapter is to provide educational benefits as an incentive to service in the Armed Forces and to foster retention in the regular and reserve components of the Armed Forces.

"§ 1402. Definitions

"For purposes of this chapter:

"(1) The term 'eligible member' means a person—

"(A) who enlists or reenlists in the Armed Forces on or after the date of the enactment of this chapter; and

"(B) who—

"(i) serves on active duty for not less than two years and after such service is discharged or released therefrom with an honorable discharge, is placed on the retired list or the temporary disability retired list, or is transferred to the Fleet Reserve or the Fleet Marine Corps Reserve after service characterized as honorable; or

"(ii) serves in the Selected Reserve of the Ready Reserve of a reserve component for a period of not less than six years under the provisions of section 511(d) of title 10.

"(2) The term 'active duty' does not include a period during which a person—

"(A) is assigned full time by the Armed Forces to a civilian institution for a course of education which is substantially the same as established courses offered to civilians; or

"(B) serves as a cadet or midshipman at one of the service academies.

"(3) The term 'program of education' has the meaning given such term in section 1652(b) of this title.

"§ 1403. Eligibility and entitlement

"(a) Each eligible member (as defined in section 1402(1)(B)(i) of this title) is entitled to educational assistance under this chapter as follows:

"(1) At the end of twenty-four months of active duty, the member is entitled to eighteen months of educational assistance (or the equivalent thereof in part-time educational assistance).

"(2) For active duty performed after the completion of twenty-four months of active duty—

"(A) the member is entitled to one-half month of educational assistance (or the equivalent thereof in part-time educational assistance) for each additional month of active duty up to a total of thirty-six months of active duty; and

"(B) the member is entitled to one month of educational assistance (or the equivalent thereof in part-time educational assistance) for each month of active duty between thirty-six and forty-eight months of total active duty.

"(b) Each eligible member (as defined in section 1402(1)(B)(ii) of this title) is entitled to nine months of educational assistance (or the equivalent thereof in part-time educational assistance) upon completion of two years of satisfactory service and one additional month of educational assistance for each three months of additional satisfactory service. Each year of service creditable for the purposes of this subsection must also be a year of service creditable for purposes of determining entitlement to retired pay for nonregular service under section 1332 of title 10.

"(c) An eligible member may not become entitled to more than thirty-six months of educational assistance under this chapter (or the equivalent thereof in part-time educational assistance).

"(d) Educational assistance may not be provided under this chapter to any member who fails to complete the first two years of an enlistment or reenlistment under honorable conditions.

"(e) Except as otherwise provided in section 1405 of this title, a person with entitlement to educational assistance under this chapter may pursue a program of education under the same terms and conditions as apply to an eligible veteran pursuing a program of education under chapter 34 of this title. The Administrator shall pay to each person who is pursuing a program of education under this chapter an educational assistance allowance in the same amount, for the same purpose, and under the same circumstances as would be paid if the member were pursuing a program of education under chapter 34 of this title.

"§ 1404. Duration of entitlement

"(a)(1) Educational assistance may not be provided an eligible member under this chapter beyond the date ten years after such member's last discharge or release from active duty.

"(2) Subsections (b) and (d) of section 1662 of this title shall be applicable to the period of entitlement specified in paragraph (1) of this subsection.

"(b) Members entitled to educational assistance under this chapter may receive such assistance while continuing to serve in the Armed Forces.

"§ 1405. Applicability of certain provisions of chapters 34 and 36

"The provisions of sections 1670, 1671, 1673, 1674, 1676, 1682, and 1686, and of chapter 36, of this title (except sections 1777, 1780(c), and 1787) shall be applicable to educational assistance provided under this chapter.

"§ 1406. Reporting requirements

"(a) The Administrator and the Secretary of Defense shall, within ninety days after the date of the enactment of this chapter, submit a joint report to the Congress containing their respective plans for the implementation of this chapter.

"(b) The Secretary of Defense shall report to the Congress at the end of each half of each fiscal year on the operation of the program provided for in this chapter. Each such report shall include—

"(1) the number of original enlistments and the number of first reenlistments during the preceding half fiscal year;

"(2) the rates of retention and attrition during such period; and

"(3) a comparison of the enlistment, reenlistment, retention, and attrition rates during such period with those for comparable periods in the preceding five years.".

(2) The tables of chapters at the beginning of such title and at the beginning of part III of such title are each amended by inserting before the item relating to chapter 31 the following new item:

"29. Peacetime Veterans' Educational Assistance Program.".

(b)(1) Chapter 32 of title 38, United States Code, relating to the post-Vietnam era veterans' educational assistance program, is amended by adding at the end thereof the following new section:

"§ 1644. Termination of program

"No person who enlists or reenlists in the Armed Forces after December 31, 1981, and who is eligible to earn educational assistance entitlement under chapter 29 of this title may enroll in the program after such date, and no person who entered the active military, naval, or air service before such date is eligible to participate in such program after such person's first discharge or release from active duty after December 31, 1981.".

(2) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"1644. Termination of program.".

(c) Clause (4) of section 1795 of title 38, United States Code, relating to limitation on period of assistance under two or more programs, is amended by inserting "29," after "chapters".

EDUCATIONAL LEAVE OF ABSENCES FOR MEMBERS OF THE ARMED FORCES

SEC. 3. (a) Chapter 40 of title 10, United States Code, relating to leave, is amended by adding at the end thereof the following new section:

"§ 706. Educational leave of absence

"(a) Under such regulations as the Secretary of Defense may prescribe after consultation with the Secretary of Transportation and subject to subsection (b), the Secretary concerned may grant to any eligible member (as defined in subsection (e)) a leave of absence for the purposes of permitting the member to pursue a program of education for a period not exceeding twelve months.

"(b)(1) A member may not be granted a leave of absence under this section unless the member agrees in writing to extend his current enlistment for a period of two months for each month of leave of absence granted.

"(2) A member may not be granted a leave of absence under this section until he has completed any extension of enlistment or reenlistment incurred by reason of any previous leave of absence granted under this section.

"(c)(1) A member may not be paid basic pay or any special or incentive pay to which he would otherwise be entitled for any period during which he is on a leave of absence granted under this section, but may be paid basic allowance for quarters or basic allowance for subsistence, or both, for any such period.

"(2) A period during which a member is on a leave of absence under this section shall be counted for the purposes of computing the amount of the member's basic pay and for the purpose of determining such member's eligibility for retirement. Such a period may not be counted as time in grade for promotion purposes.

"(d)(1) In time of war, or of national emergency declared by the President or the Congress after the date of the enactment of this section, the Secretary concerned may cancel any leave of absence granted under this section.

"(2) The Secretary concerned may cancel a leave of absence granted to a member under this section if the Secretary determines that the member is not satisfactorily pursuing the program of education for which the leave was granted.

"(e) In this section, 'eligible member' means an enlisted member of the Armed Forces on active duty who has completed at least one term of enlistment and has reenlisted in the Armed Forces.".

(b) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"706. Educational leave of absence.".

EFFECTIVE DATES

SEC. 4. (a) The amendments made by this Act shall take effect on October 1, 1981.

(b) The first report under section 1406(b) of title 38, United States Code, as added by this Act, shall be submitted not later than June 30, 1982.

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97TH CONGRESS
1ST SESSION

H. R. 3713

To amend title 38, United States Code, to establish new educational assistance programs for veterans and for members of the Armed Forces.

IN THE HOUSE OF REPRESENTATIVES

MAY 28, 1981

Mr. CLAUSEN introduced the following bill; which was referred jointly to the Committees on Veterans' Affairs and Armed Services

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A BILL

To amend title 38, United States Code, to establish new educational assistance programs for veterans and for members of the Armed Forces.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Veterans' Educational Assistance Act of 1981".

NEW EDUCATIONAL ASSISTANCE PROGRAM

SEC. 2. (a) Title 38, United States Code, is amended by inserting before chapter 31 the following new chapter:

"CHAPTER 30—ALL VOLUNTEER FORCE EDUCATIONAL ASSISTANCE PROGRAM

"SUBCHAPTER I—PURPOSES; DEFINITIONS

"Sec.
"1401. Purposes.
"1402. Definitions.

"SUBCHAPTER II—BASIC EDUCATIONAL ASSISTANCE

"1411. Basic educational assistance for service on active duty.
"1412. Basic educational assistance entitlement for service in the Selected Reserve and National Guard.
"1413. Duration of basic educational assistance.
"1414. Payment of basic educational assistance.
"1415. Amount of basic educational assistance.
"1416. Early enrollment in a program of education.

"SUBCHAPTER III—SUPPLEMENTAL EDUCATIONAL ASSISTANCE

"1421. Supplemental educational assistance for additional service.
"1422. Amount of supplemental educational assistance.
"1423. Authorization for additional assistance for members with critical specialties.
"1424. Payment of supplemental educational assistance and additional educational assistance under this subchapter.

"SUBCHAPTER IV—AUTHORITY TO ALLOW TRANSFER OF ENTITLEMENT TO DEPENDENTS

"1431. Authority to allow members of the Armed Forces with critical specialties to transfer entitlement to dependents.
"1432. Regulations.
"1433. Status of dependents to whom entitlement is transferred.
"1434. Definition.

"SUBCHAPTER V—PRESERVICE EDUCATIONAL ASSISTANCE PROGRAM

"1441. Authority to enter into agreements.
"1442. Preservice educational assistance agreements.
"1443. Eligibility for preservice educational assistance.
"1444. Limitation on amount of educational assistance.
"1445. Amount of obligated service.
"1446. Status of individual before obligated service is performed.
"1447. Regulations.

"SUBCHAPTER VI—PERIODS FOR USE OF ENTITLEMENT; GENERAL AND ADMINISTRATIVE PROVISIONS

"1451. Time limitation for use of entitlement.
"1452. Limitation on educational assistance for individuals being furnished subsist-

sec.
"1453. Individuals with entitlement under chapter 34 or 35 of this title.
"1454. Program administration.
"1455. Allocation of administration and of program costs.
"1456. Predischarge counseling requirement.
"1457. Reporting requirement.

"SUBCHAPTER I—PURPOSES; DEFINITIONS

"§ 1401. Purposes

"The purposes of this chapter are—

"(1) to provide an improved educational assistance program to assist in the readjustment of members of the Armed Forces after their separation from military service;

"(2) to promote and assist the All-Volunteer Force program and the Total Force Concept of the United States Armed Forces by establishing an improved program of educational assistance for service on active duty and in the Selected Reserve and National Guard to aid in the recruitment and retention of highly qualified personnel for both the Active and Reserve components of the Armed Forces; and

"(3) to give special emphasis to providing educational assistance benefits to aid in the retention of personnel in the Armed Forces who have skills in critical specialties in which there are serious shortages of personnel in the Armed Forces.

"§ 1402. Definitions

"For the purposes of this chapter:

"(1) The term 'basic educational assistance' means educational assistance provided under subchapter II of this chapter.

"(2) The term 'supplemental educational assistance' means educational assistance provided under subchapter III of this chapter.

"(3) The term 'preservice educational assistance' means educational assistance provided under subchapter V of this chapter.

"(4) The term 'program of education' has the meaning given such term in section 1652(b) of this title.

"(5) The term 'Armed Forces' means the Army, Navy, Air Force, and Marine Corps, including the Reserve components thereof.

"(6) The term 'Selected Reserve' means the Selected Reserve of the Ready Reserve of any of the Reserve components (including the Army National Guard of the United States and the Air National Guard of the United States) of the Armed Forces, as required to be maintained under section 268(b) of title 10.

"(7) The term 'active duty' does not include any period during which an individual (A) was assigned full time by the Armed Forces to a civilian institution for a course of education which was substantially the same as established courses offered to civilians, (B) served as a cadet or midshipman at one of the service academies, or (C) served under the provisions of section 511(d) of title 10 pursuant to an enlistment in the Army National Guard or the Air National Guard, or as a Reserve for service in the Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps Reserve, or Coast Guard Reserve.

"SUBCHAPTER II—BASIC EDUCATIONAL ASSISTANCE

"§ 1411. Basic educational assistance for service on active duty

"Each individual who—

"(1) is a graduate of a secondary school (or has a high school equivalency certificate, as determined by the Administrator),

"(2) after September 30, 1981, and after meeting the requirement of clause (1) of this section—

"(A) serves at least three years of continuous active duty in the Armed Forces; or

"(B) serves in the Armed Forces and (notwithstanding section 977 of title 10) is discharged or released from active duty for a service-connected disability, for hardship, or, in the case of an individual who completed not less than 30 months of active duty, for the convenience of the Government; and

"(3) after completion of the service described in clause (2) of this section—

"(A) is discharged from such service with an honorable discharge or is placed on the retired list;

"(B) continues on active duty without a break in service; or

"(C) is released from active duty for further service in a Reserve component of the Armed Forces after honorable service on active duty;

is entitled to basic educational assistance under this chapter.

"§ 1412. Basic educational assistance entitlement for service in the Selected Reserve and National Guard

"Each individual who—

"(1) is a graduate of a secondary school (or has a high school equivalency certificate, as determined by the Administrator),

"(2) after September 30, 1981, and after meeting the requirement of clause (1) of this section, serves—

"(A) at least two years of continuous active duty in the Armed Forces; and

"(B) at least four years of continuous duty in the Selected Reserve during which the individual satisfactorily participates in training as required by the Secretary concerned or is earlier discharged or released from service in the Selected Reserve for a service-connected disability, for hardship, or for the convenience of the Government; and

"(3) after completion of the service described in clause (2) of this section—

"(A) is discharged from such service with an honorable discharge or is placed on the retired list; or

"(B) continues on active duty or in the Selected Reserve without a break in service;

is entitled to basic educational assistance under this chapter.

"§ 1413. Duration of basic educational assistance

"(a) Subject to section 1795 of this title and subsection (b) of this section, each individual entitled to basic educational assistance under this chapter is entitled to (1) one month of educational assistance benefits under this chapter for each month of active duty served by such individual, and (2) one month of educational assistance benefits under this chapter for each three months served by such individual in the Selected Reserve when not on active duty.

"(b) No individual may receive basic educational assistance benefits under this chapter for a period in excess of thirty-six months (or the equivalent thereof in part-time educational assistance).

"§ 1414. Payment of basic educational assistance

"The Administrator shall pay to each individual entitled to basic educational assistance who is pursuing an approved program of education a basic educational assistance allowance pursuant to this section to help meet, in part, the expenses of such individual's subsistence, tuition, fees, supplies, books, equipment, and other educational costs.

"§ 1415. Amount of basic educational assistance

"Subject to section 1452 of this title, a basic educational assistance allowance under this subchapter shall be paid (1) at the monthly rate of $250, for an approved program of education pursued on a full-time basis, or (2) at an appropriately reduced rate, as determined under regulations which the Administrator shall prescribe, for an approved program of education pursued on less than a full-time basis.

"§ 1416. Early enrollment in a program of education

"An individual who has completed at least two years of service on active duty or in the Selected Reserve and who is otherwise eligible for basic educational assistance may enroll in a program of education while continuing to perform the duty described in section 1411 or 1412 of this title.

"SUBCHAPTER III—SUPPLEMENTAL EDUCATIONAL ASSISTANCE

"§1421. Supplemental educational assistance for additional service

"(a) An individual eligible for basic educational assistance under section 1411 of this title who after September 30, 1981, has served three or more consecutive years of active duty in the Armed Forces in addition to the years of active duty counted under section 1411(2) of this title without a break in such service is entitled to supplemental educational assistance under this subchapter.

"(b) An individual eligible for basic educational assistance under section 1412 of this title who after September 30, 1981, has served two or more consecutive years of active duty in the Armed Forces in addition to the years of active duty counted under section 1412(2) of this title and four or more consecutive years of duty in the Selected Reserve in addition to the years of duty in the Selected Reserve counted under such section without a break in service is entitled to supplemental educational assistance under this subchapter.

"(c) No part of any period of active duty or duty in the Selected Reserve that occurs before the period of duty by which the individual concerned qualifies for basic educational assistance shall be counted for purposes of this section.

"§ 1422. Amount of supplemental educational assistance

"Subject to section 1452 of this title, supplemental educational assistance under section 1421 of this title shall be paid (1) at the monthly rate of $300, for an approved program of education pursued on a full-time basis, or (2) at an appropriately reduced rate, as determined under regulations which the Administrator shall prescribe, for an approved program of education pursued on less than a full-time basis.

"§ 1423. Authority for additional assistance for members with critical specialties

"An individual—

"(1) who has a skill or specialty designated by the Secretary of Defense as a skill or specialty in which there is a critical shortage of personnel; and

"(2) who is entitled to basic educational assistance,

may be provided supplemental educational assistance under this subchapter in addition to any supplemental educational assistance available to such individual under section 1421 of this title. Such assistance may be paid at such monthly rates as the Secretary of Defense considers appropriate or necessary for the purpose of attracting and retaining individuals with such skills or specialties in the Armed Forces.

"§ 1424. Payment of supplemental and additional educational assistance under this subchapter

"The Administrator shall increase the monthly basic educational assistance allowance paid to an individual who is entitled to educational assistance under this subchapter by the monthly amount of the supplemental educational assistance or additional educational assistance, or both, to which the individual is entitled.

"SUBCHAPTER IV—TRANSFER OF ENTITLEMENT TO DEPENDENTS

"§ 1431. Authority to authorize members of the Armed Forces with critical specialties to transfer entitlement to dependents

"(a) Under regulations prescribed under section 1432 of this title, the Secretary of Defense may authorize a member of an armed force who—

"(1) has served eight or more but less than twelve consecutive years on active duty;

"(2) has a skill or specialty designated by the Secretary of Defense as a skill or specialty in which there is a critical shortage of personnel; and

"(3) is entitled to basic educational assistance,

to transfer to one or more of such member's dependents all or any part of such member's entitlement to educational assistance under this chapter.

"(b) Subject to regulations prescribed under section 1432 of this title, a transfer of entitlement under this section may be revoked, in whole or in part, or may be modified at any time.

"§ 1432. Regulations

"(a) The Secretary of Defense shall prescribe regulations for the establishment of eligibility of members to transfer entitlement under this subchapter, and any transfer of entitlement under this subchapter shall be made in accordance with such regulations. In prescribing such regulations, the Secretary of Defense—

"(1) shall designate the skills or specialties in which there is a critical shortage of personnel which qualify a member for consideration for authorization to transfer entitlement under this section;

"(2) shall establish such other terms and conditions for authorization to transfer entitlement as the Secretary considers appropriate considering the needs of the service.

"(b) The Administrator shall prescribe regulations for the administration of the transfer of educational assistance entitlement under this subchapter by members determined pursuant to the regulations prescribed pursuant to subsection (a) of this section to be eligible to make such a transfer and for the provision of such assistance to dependents to whom such entitlement is transferred. In prescribing such regulations, the Administrator may place such limits upon the changing and revoking of transfers of entitlement as the Secretary considers necessary for efficient administration.

"§ 1433. Status of dependents to whom entitlement is transferred

"(a)(1) A dependent to whom entitlement is transferred under this subchapter is entitled to educational assistance under this chapter in the same manner and under the same terms and conditions as the member from whom the entitlement was transferred would be entitled, except that such assistance may only be provided under this subchapter while the member from whom the entitlement was transferred continues on active duty or upon the completion of twenty years of active duty by the member.

"(2) A child to whom educational assistance is transferred under this subchapter may not use such assistance until the child is eighteen years of age or graduates from a secondary school, whichever occurs first.

"(b) If a member transfers entitlement under this section to two or more dependents, the educational assistance payable under this chapter shall be divided (1) in such manner as the member specifies, or (2) if the member is deceased or is otherwise unable or unwilling to specify the manner in which the assistance shall be divided, as determined under regulations prescribed under section 1432 of this title.

"(c) Assistance may not be paid under this chapter to an individual who at the time the benefits would otherwise be paid is not a child or spouse or surviving spouse of the individual who transferred the benefits, notwithstanding that the individual was a dependent at the time the election was made to transfer the benefits.

"§ 1434. Definition

"For the purposes of this subchapter, the term 'dependent' means—

"(1) a child of an individual; and

"(2) the spouse of an individual.

"SUBCHAPTER V—PRESERVICE EDUCATIONAL ASSISTANCE PROGRAM

"§ 1441. Authority to enter into agreements

"To encourage enlistments in the active-duty components of the Armed Forces and in units of the Selected Reserve, the Secretary concerned may enter into preservice educational assistance agreements described in section 1432 of this title under which the Secretary agrees to provide educational assistance in return for an individual's agreement to perform a specified period of obligated service on active duty or in the Selected Reserve.

"§ 1442. Preservice educational assistance agreements

"(a) A preservice educational assistance agreement shall provide (1) that the Secretary concerned shall, subject to section 1445 of this title, provide educational assistance to the individual concerned at a rate and for a period specified in such agreement, and (2) that such individual, in consideration for the provision of such educational assistance, shall agree to serve on active duty or in the Selected Reserve for a period specified in the agreement and determined in accordance with section 1446 of this title.

"(b) Any such agreement shall be in writing and shall in clear language state the obligations and responsibilities of both parties, including the obligations of the individual concerned under section 1444 for failure to perform satisfactory service in accordance with the agreement after receipt of educational assistance.

"§ 1443. Eligibility for preservice educational assistance

"To be eligible for educational assistance under this section, an individual—

"(1) must not be a member of the Armed Forces;

"(2) must be a graduate of a secondary school (or have a high-school equivalency certificate, as determined by the Secretary of Defense); and

"(3) must otherwise be eligible to become a member of the Armed Forces.

"§ 1444. Limitation on amount of educational assistance

"The amount of educational assistance provided an individual under an agreement under this subchapter may not exceed 36 months and may not be provided at a rate in excess of $300 per month for pursuit of a program of education on a full-time basis (or a proportionate amount, for pursuit of a program of education on a less-than-full-time basis).

"§ 1445. Obligated service

"(a) The amount of obligated service which an individual is required to perform under an agreement under this subchapter is one month of service on active duty for each month of educational assistance provided or three months of service in the Selected Reserve for each month of educational assistance provided, or a combination thereof.

"(b) Obligated service performed pursuant to an agreement under this subchapter may not be counted toward service required to earn basic or supplemental educational assistance.

"§ 1446. Status of individual before obligated service is performed

"Upon signing an agreement under this subchapter, an individual becomes a member of the Armed Forces and shall be placed in an element of the Ready Reserve of a Reserve component of the Armed Forces.

"§ 1447. Regulations

"The Secretary of Defense shall prescribe regulations for the administration of this subchapter. Such regulations shall apply uniformly among the Armed Forces.

"SUBCHAPTER VI—TIME LIMITATION FOR USE OF ENTITLEMENT; GENERAL AND ADMINISTRATIVE PROVISIONS

"§ 1451. Time limitation for use of entitlement

"(a) Except as provided in subsections (c) through (f) of this section, the period during which an individual entitled to educational assistance under this chapter may use such individual's entitlement expires at the end of the ten-year period beginning on the date of such individual's last discharge or release from active duty.

"(b) Except as provided in subsections (e) and (f) of this section, the period during which a dependent with entitlement transferred under section 1431 of this title may use such entitlement expires at the end of the ten-year period beginning on the earlier of—

"(1) the date on which the dependent begins to use such entitlement; or

"(2) the same date that applies to the individual from whom the entitlement was transferred.

"(c) In the case of any eligible individual who has been prevented, as determined by the Administrator, from pursuing a program of education under subchapter II or III of this chapter within the ten-year period prescribed by subsection (a) of this section because such individual had not met the nature of discharge requirement of such subchapter before (1) the nature of such discharge or release was changed by appropriate authority, or (2) with respect to educational assistance under subchapter II of this section, the Administrator determined, under regulations prescribed by the Administrator, that such discharge or release was under conditions other than dishonorable, such ten-year period shall not run during the period of time that such individual was so prevented from pursuing such program of education.

"(d) In the case of an individual eligible for educational assistance under the provisions of this chapter who, subsequent to such individual's last discharge or release from active duty, was captured and held as a prisoner of war by a foreign government or power, the ten-year period described in subsection (a) of this section shall not run (1) while such individual is so detained, or (2) during any period immediately following such individual's release from such detention during which such individual is hospitalized at a military, civilian, or Veterans' Administration medical facility.

"(e) In the case of an individual eligible for educational assistance under this chapter (including a dependent to whom entitlement under this chapter has been transferred pursuant to section 1425 of this title) and—

"(1) who was prevented from pursuing such individual's chosen program of education prior to the expiration of the ten-year period for use of entitlement under this chapter otherwise applicable under this section because of a physical or mental disability which was not the result of such individual's own willful misconduct, and

"(2) who applies for an extension of such ten-year period within one year after (A) the last day of such period, or (B) the last day on which such individual was so prevented from pursuing such program, whichever is later,

such ten-year period shall not run with respect to such individual during the period of time that such individual was so prevented from pursuing such program and such ten-year period will again begin running on the first day following such individual's recovery from such disability on which it is reasonably feasible, as determined under regulations which the Administrator shall prescribe, for such individual to initiate or resume pursuit of a program of education with educational assistance under this chapter.

"(f)(1) If an individual entitled to educational assistance under this chapter (including an individual to whom such entitlement has been transferred) is enrolled under this chapter in an educational institution regularly operated on the quarter or semester system and the period during which such individual may use such individual's entitlement under this chapter would, under this section, expire during a quarter or semester, such period shall be extended to the termination of such quarter or semester.

"(2) If an individual entitled to educational assistance under this chapter (including an individual to whom such entitlement has been transferred) is enrolled under this chapter in an educational institution not regularly operated on the quarter or semester system and the period during which such individual may use such individual's entitlement under this chapter would, under this section, expire after a major portion of the course is completed, such period shall be extended to the end of the course or for twelve weeks, whichever is the lesser period of extension.

"§ 1452. Limitation on educational assistance for individuals being furnished subsistence

"In the case of an individual entitled to educational assistance under this chapter (including an individual to whom such entitlement has been transferred) who is pursuing a program of education—

"(1) while being furnished subsistence, whether in whole or in part and in money or in kind, by an entity of the United States or of a State or local government; or

"(2) on less than a half-time basis,

the total amount of monthly educational assistance of such individual under this chapter may not exceed the established charges for tuition and fees which the educational institution involved requires similarly circumstanced nonveterans enrolled in the same program to pay.

"§ 1453. Individuals with entitlement under chapter 34 or 35 of this title

"An individual entitled to educational assistance under a program established by this chapter (including an individual to whom such entitlement has been transferred) who is also eligible for educational assistance under a program under chapter 34 or 35 of this title may not receive assistance under both programs concurrently but shall elect (in such form and manner as the Administrator may prescribe) under which program to receive educational assistance.

"§ 1454. Program administration

"Except as otherwise provided in this chapter, the provisions of sections 1663, 1670, 1671, 1673, 1674, 1676, 1681(c), and 1683 of this title and the provisions of subchapters I and II of chapter 36 of this title, with the exception of section 1786 of such chapter, shall be applicable to the provision of educational assistance under this chapter. The term 'eligible veteran', as used in those provisions, shall be deemed to include an individual who is eligible for educational assistance under this chapter, and the term 'eligible person', as used in those provisions, shall be deemed to include an individual to whom educational assistance is transferred under this chapter.

"§1455. Allocation of administration and of program costs

"(a) Except to the extent otherwise specifically provided in this chapter, the educational assistance programs established by this chapter shall be administered by the Veterans' Administration.

"(b)(1) Except to the extent provided in paragraph (2) of this subsection, payments for entitlement earned under subchapter II of this chapter shall be made from appropriations made to the Veterans' Administration.

"(2) Payments for entitlement earned under subchapter II of this chapter which is used by an individual to whom such entitlement was transferred under subchapter IV of this chapter, or which is used by the individual earning such entitlement after an election under such subchapter to transfer such entitlement which was subsequently revoked, shall be made from appropriations made to the Department of Defense.

"(3) Payments for entitlement earned under subchapter III of this chapter (whether used by the individual earning such entitlement or an individual to whom such entitlement was transferred under subchapter IV of this chapter) and contracted for under subchapter V of this chapter shall be made from appropriations made to the Department of Defense.

"(c) Funds for the payment by the Administrator of entitlement described in paragraphs (2) and (3) of subsection (b) of this section shall be transferred to the Veterans' Administration as necessary from appropriations available for such purpose. The Administrator and the Secretary of Defense shall enter into an agreement for the manner in which such transfers shall be carried out.

"§ 1456. Predischarge counseling requirement

"Upon the discharge or release from active duty of a member of the Armed Forces, the Secretary concerned shall provide for individual counseling of that member by a member of the same armed force as that member who is trained in readjustment counseling. Such counseling shall include a discussion of the educational assistance benefits to which the member is entitled and an explanation of the procedures for and advantages of affiliating with the Selected Reserve. A notation of the provision of such counseling shall be entered in the service record of each member receiving such counseling.

"§ 1457. Reporting requirement

"(a) The Secretary of Defense and the Administrator shall submit to the Congress at least once every two years separate reports on the operation of the programs provided for in this chapter. The Secretary and Administrator shall include in each such report—

"(1) information indicating (A) the extent to which the benefit levels provided under this chapter are adequate to achieve the purposes of inducing individuals to enter and remain in the Armed Forces and of providing an adequate level of financial assistance to help meet the cost of pursuing a program of education, and (B) whether it is necessary for the purposes of maintaining adequate levels of well-qualified active-duty personnel in the Armed Forces to continue to offer the opportunity for educational assistance under this chapter to individuals who have not yet entered active-duty service; and

"(2) such recommendations for administrative and legislative changes regarding the provision of educational assistance to members of the Armed Forces and veterans, and their dependents, as the Secretary or Administrator considers appropriate.

"(b) The first reports under this section shall be submitted not later than April 1, 1983.".

(b) The tables of chapters at the beginning of such title and at the beginning of part III of such title are each amended by inserting above the item relating to chapter 31 the following new item:

"30. All-Volunteer Force Educational Assistance Program .... 1401".

COORDINATION WITH OTHER EDUCATION AND TRAINING PROGRAMS

SEC. 3. (a) Section 1508(f)(1) of title 38, United States Code, is amended—

(1) in subparagraph (A)—

(A) by inserting "30 or" before "34" the first place it appears; and

(B) by striking out "chapter 34" the second place it appears and inserting in lieu thereof "either chapter 30 or chapter 34"; and

(2) in subparagraph (B), by inserting "30 or" before "34".

(b)(1) Section 1602(a) of such title is amended by inserting "and before January 1, 1982," after "January 1, 1977," both places it appears.

(2) Section 1623 of such title is amended by adding at the end the following new subsection:

"(e) If a participant becomes entitled to educational assistance under subchapter II of chapter 30 of this title, the participant shall be disenrolled from the program under this

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chapter effective on the last day of the month in which the participant becomes entitled to such assistance.".

(c)(1) Section 1781 of such title is amended by inserting "30," after "chapter".

(2) Section 1795(a)(4) of such title is amended by inserting "30," after "chapters".

TERMINATION OF RIGHT TO ENROLL IN CHAPTER 32 PROGRAM

SEC. 4. Section 408 of the Post-Vietnam Era Veterans' Educational Assistance Act of 1977 (Public Law 94–502; 90 Stat. 2397) is amended—

(1) in subsection (a)—

(A) by striking out "(a)(1)"; and

(B) by striking out all after "December 31, 1981" and inserting in lieu thereof a period; and

(2) by striking out subsection (b).

TWO-YEAR EXTENSION OF PILOT DEPARTMENT OF DEFENSE EDUCATIONAL LOAN REPAYMENT PROGRAM

SEC. 5. Section 902(g) of the Department of Defense Authorization Act, 1981 (Public Law 96–342; 94 Stat. 1115), is amended by striking out "October 1, 1981" and inserting in lieu thereof "October 1, 1983".

EFFECTIVE DATE

SEC. 6. The authority of the Secretary concerned to enter into preservice educational assistance agreements under subchapter IV of chapter 30 of title 38, United States Code, as added by section 2, is effective on October 1, 1981.

I

97TH CONGRESS
1ST SESSION

H. R. 3997

To amend title 10, United States Code, to revise and expand the educational assistance program for members of the Selected Reserve.

IN THE HOUSE OF REPRESENTATIVES

JUNE 23, 1981

Mr. MONTGOMERY introduced the following bill; which was referred to the Committee on Armed Services

---

A BILL

To amend title 10, United States Code, to revise and expand the educational assistance program for members of the Selected Reserve.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Selected Reserve Educational Assistance Act".

SEC. 2. (a)(1) Chapter 106 of title 10, United States Code, is amended to read as follows:

"CHAPTER 106—EDUCATIONAL ASSISTANCE FOR MEMBERS OF THE SELECTED RESERVE

"Sec.
"2131. Educational assistance program: establishment; amount.
"2132. Eligibility for educational assistance.
"2133. Time limitation for use of entitlement.
"2134. Termination of assistance.
"2135. Failure to participate satisfactorily; penalties.
"2136. Administration of program.
"2137. Reports to Congress.
"2138. Savings provision.

"§2131. Educational assistance program: establishment; amount

"(a) To encourage membership in units of the Selected Reserve of the Ready Reserve, the Secretary of each military department, under regulations prescribed by the Secretary of Defense, and the Secretary of Transportation, under regulations prescribed by him with respect to the Coast Guard when it is not operating as a service in the Navy, shall establish and maintain a program to provide educational assistance to members of the Selected Reserve of the Ready Reserve of the armed forces under his jurisdiction who agree to remain members of the Selected Reserve for a period of not less than six years.

"(b) Each educational assistance program established under subsection (a) shall provide for payment by the Secretary concerned to each person entitled to educational assistance under this chapter who is pursuing a program of education an educational assistance allowance at the following rates:

“(1) $140 per month for each month of full-time pursuit of a program of education.

“(2) $105 per month for each month of three-quarter-time pursuit of a program of education.

“(3) $70 per month for each month of half-time pursuit of a program of education.

“(c)(1) Educational assistance may only be provided under this chapter for pursuit of a program of education at an institution of higher learning and may not be provided to a person after the person has completed a course of instruction required for the award of a baccalaureate degree or the equivalent evidence of completion of study.

“(2) Subject to section 1795 of title 38, the maximum number of months of educational assistance that may be provided to any person under this chapter is thirty-six.

“§ 2132. Eligibility for educational assistance

“(a) A person who—

“(1) has received a secondary school diploma (or an equivalency certificate); and

“(2) after September 30, 1981, and after having received such secondary school diploma (or equivalency certificate)—

“(A) enlists, reenlists, or extends an enlistment as a Reserve for service in the Selected Reserve for a period of not less than six years; or

"(B) is appointed as, or is serving as a reserve officer and agrees to serve in the Selected Reserve for a period of not less than six years in addition to any other period of obligated service in the Selected Reserve to which the person may be subject;

is entitled to educational assistance under section 2131 of this title.

"(b) Educational assistance may not be provided to a member under this chapter until the member—

"(1) has completed the initial period of active duty for training required of the member; and

"(2) has completed one hundred and eighty days of service in the Selected Reserve.

"(c) Each person who becomes entitled to educational assistance under subsection (a) shall at the time the person becomes so entitled be given a statement in writing summarizing the provisions of this chapter and stating clearly and prominently the substance of sections 2134 and 2135 of this title as such sections may apply to the person.

"§ 2133. Time limitation for use of entitlement

"(a) Except as provided in subsection (b), the period during which a person entitled to educational assistance under this section may use such person's entitlement expires (1) at the end of the ten-year period beginning on the date on which such person becomes entitled to such assistance, or (2) on the date the person is separated from the Selected Reserve, whichever occurs first.

"(b)(1) The provisions of section 1441(f) of title 38 shall apply to the period of entitlement prescribed by subsection (a).

"(2) The provisions of section 1441(e) of title 38 shall apply to the period of entitlement prescribed by subsection (a) in the case of a disability incurred in or aggravated by service in the Selected Reserve.

"§ 2134. Termination of assistance

"Educational assistance may not be provided under this chapter—

"(1) to a member receiving financial assistance under section 2107 of this title as a member of the Senior Reserve Officers' Training Corps program; or

"(2) to a member who fails to participate satisfactorily in required training as a member of the Selected Reserve.

"§ 2135. Failure to participate satisfactorily; penalties

"(a)(1) A member of the Selected Reserve of the Ready Reserve of an armed force who fails to participate satisfactorily in required training as a member of the Selected Reserve during a term of enlistment or other period of obligated service that created entitlement of the member to educational assistance under this chapter shall, at the option of the Secretary concerned—

"(A) be ordered to active duty for a period of two years or the period of obligated service the person has remaining under section 2132 of this title, whichever is less; or

"(B) be required to refund to the United States an amount determined under subsection (b).

"(2) The Secretary concerned may waive the requirements of paragraph (1), or may reduce the amount of any refund under clause (B) of such paragraph, in the case of any individual member when the Secretary determines that the failure to participate satisfactorily was due to reasons beyond the control of the member.

"(3) Any refund by a member under this section shall not affect the period of obligation of such member to serve as a Reserve in the Selected Reserve.

"(b)(1) The amount of a refund under subsection (a) shall be the amount equal to the product of—

"(A) the number of months of obligated service remaining under the agreement entered into under section 2132(a)(3) divided by the original number of months of such obligation; and

"(B) the total amount of educational assistance provided to the member under this chapter, as increased by interest determined under paragraph (2).

"(2) The amount computed under paragraph (1) shall bear interest at the rate equal to the highest rate being paid by the United States on the day on which the refund is determined to be due for securities having maturities of ninety days or less and shall accrue from the day on which the member is first notified of the amount due to the United States as a refund under this section.

"§ 2136. Administration of program

"(a) Educational assistance under this chapter shall be provided through the Veterans' Administration, under agreements to be entered into by the Secretary of Defense, and by the Secretary of Transportation, with the Administrator of Veterans' Affairs. Such agreements shall include administrative procedures to ensure the prompt and timely transfer of funds from the Secretary concerned to the Veterans' Administration for the making of payments under this chapter.

"(b) Except as otherwise provided in this chapter, the provisions of sections 1663, 1670, 1671, 1673, 1674, 1676, and 1683 of chapter 34 of title 38 and the provisions of subchapters I and II of chapter 36 of such title (with the exception of sections 1780(a)(5), 1780(b), 1786, 1787(b)(1), and 1792) shall be applicable to the provision of educational assistance under this chapter. The term 'eligible veteran', as used in those provisions, shall be deemed for the purpose of the application of those provisions to this chapter to refer to a person eligible for educational assistance under this chapter.

§2137. Reports to Congress

"The Secretary of Defense shall submit to the Congress a report not later than December 15 of each year concerning the operation of the educational assistance program established by this chapter during the preceding fiscal year. Each such report shall include the number of members of the Selected Reserve of the Ready Reserve of each armed force receiving, and the number entitled to receive, educational assistance under this chapter during the preceding fiscal year.

"§2138. Savings provision

"A member who entered into an agreement under this chapter before October 1, 1981, shall continue to be eligible for educational assistance in accordance with the terms of such agreement and of this chapter as in effect before such date.".

(2) The items relating to such chapter in the table of chapters at the beginning of subtitle A of such title, and in the table of chapters at the beginning of part III of such subtitle, are amended to read as follows:

"106. Educational Assistance for Members of the Selected Reserve .... 2131".

(b) The amendments made by this section shall take effect on October 1, 1981, and shall apply only to members of the Armed Forces who qualify for educational assistance under chapter 106 of title 10, United States Code, as amended by subsection (a), on or after such date.

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